

UNITED STATES OF AMERICA
POSTAL REGULATORY COMMISSION
WASHINGTON, DC 20268-0001

Before Commissioners:

Robert G. Taub, Acting Chairman;
Tony Hammond, Vice Chairman;
Mark Acton;
Ruth Y. Goldway; and
Nanci E. Langley

Notice of Market-Dominant
Price Adjustment

Docket No. R2015-4

ORDER ON REVISED PRICE ADJUSTMENTS FOR STANDARD MAIL,
PERIODICALS, AND PACKAGE SERVICES PRODUCTS
AND RELATED MAIL CLASSIFICATION CHANGES



Washington, DC 20268-0001
May 7, 2015

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I. INTRODUCTION AND OVERVIEW

On January 15, 2015, the Postal Service filed notice of its planned price adjustments for market dominant products.¹ The Postal Service proposed to implement numerous mail classification changes in conjunction with the planned price adjustments. In Order Nos. 2378 and 2398, the Commission found that the proposed price adjustments for Standard Mail, Periodicals, and Package Services failed to comply with applicable legal requirements and ordered the Postal Service to file amended notices of

¹ United States Postal Service Notice of Market-Dominant Price Adjustment, January 15, 2015 (Notice).

rate adjustment for those three classes.² On March 12, 2015 and April 16, 2015, the Postal Service filed amended notices of rate adjustment for Standard Mail, Periodicals, and Package Services in response to Order Nos. 2378 and 2398 respectively.³

The Commission has reviewed the amended pricing proposals for compliance with the requirements of title 39, the Commission's regulations, and other applicable legal requirements. In section II of this Order, the Commission describes the findings made in Order Nos. 2378 and 2398 and explains how the Postal Service's responses to Order Nos. 2378 and 2398 remedy the identified deficiencies. In section III of this Order, the Commission discusses Flats Sequencing System (FSS) prices and workshare discounts and finds that a rulemaking proceeding is necessary to further develop an accepted analytical principle to determine the costs avoided by the Presorted FSS workshare discounts. In sections IV, V, and VI of this Order, the Commission discusses the proposed price adjustments, workshare discounts, and classification changes for the Standard Mail, Periodicals, and Package Services classes, respectively. The Commission concludes that the proposed prices for Standard Mail, Periodicals, and Package Services, as amended by the Response to Order No. 2378 and further amended by the Response to Order No. 2398, do not violate the price cap in 39 U.S.C. § 3622(d) and are consistent with, or justified by an exception to, the workshare discount limitations in 39 U.S.C. § 3622(e). The Commission also concludes that the proposed classification changes are consistent with applicable law and regulations.

² Order on Price Adjustments for Standard Mail, Periodicals, and Package Services Products, March 6, 2015 (Order No. 2378); Order on Amended Price Adjustments for Standard Mail, Periodicals, and Package Services Products, March 18, 2015 (Order No. 2398).

³ Response of the United States Postal Service to Order No. 2378, March 12, 2015 (Response to Order No. 2378); Response of the United States Postal Service to Order No. 2398, April 16, 2015 (Response to Order No. 2398).

A. Procedural History

On January 15, 2015, the Postal Service filed its Notice with the Commission pursuant to 39 U.S.C. § 3622 and 39 C.F.R. part 3010. In its Notice, the Postal Service announced its intention to change most domestic and international market dominant prices on April 26, 2015, at 12:01 a.m. by amounts which are within a 1.966 percent statutory price cap for all classes of mail. Notice at 1, 4.

The Notice included five attachments, which presented detailed price and mail classification changes, workshare discount calculations, price index change calculations, the proposed promotions calendar, and the adjusted exigent surcharges for new rate cells. Notice, Attachments A-E. On January 20, 2015, the Commission issued Order No. 2327, which provided public notification of the Notice; established Docket No. R2015-4 to consider the planned price adjustments' consistency with applicable statutory and regulatory requirements; appointed a Public Representative; and provided an opportunity for interested parties to comment.⁴

The Commission issued three orders analyzing the proposed price adjustments, workshare discounts, and mail classification changes described in the Notice. The Commission found that the proposed prices and mail classification changes for First-Class Mail and Special Services complied with applicable law in Order Nos. 2365⁵ and 2388.⁶ In Order No. 2378, the Commission found that the proposed price adjustments for the Standard Mail, Periodicals, and Package Services classes failed to comply with several aspects of applicable law and ordered the Postal Service to file an amended notice of price adjustment in accordance with 39 C.F.R. § 3010.11(f).

⁴ See Notice and Order on Rate Adjustments, Classification Changes, and Temporary Promotions for Market Dominant Products, January 20, 2015 (Order No. 2327).

⁵ Order on Price Adjustments for First-Class Mail Products and Related Mail Classification Changes, February 24, 2015 (Order No. 2365).

⁶ Order on Price Adjustments for Special Services Products and Related Mail Classification Changes, March 10, 2015 (Order No. 2388).

On March 12, 2015, the Postal Service filed the Response to Order No. 2378, which included revised Standard Mail and Periodicals prices, revised proposed changes to the Mail Classification Schedule (MCS), updated workshare discount tables, updated exigent surcharges affected by the revised prices, and revised price cap calculations for Standard Mail, Periodicals, and Package Services.

On March 20, 2015, the Commission issued Order No. 2398, which again remanded the proposed price adjustments for the Standard Mail, Periodicals, and Package Services classes. In Order No. 2398, the Commission found that certain prices still did not comply with legal requirements and additional revision, correction, and clarification was necessary to show the proposed prices, price cap calculations, and billing determinant adjustments complied with applicable statutory and regulatory requirements. Order No. 2398 at 2.

On March 31, 2015, the Postal Service announced that it was delaying the implementation of the market dominant price adjustments and that it would announce a new implementation date when it responded to Order No. 2398.⁷ As a result, the Commission amended its orders approving the First-Class Mail and Special Services price adjustments to account for the delay.⁸

On April 16, 2015, the Postal Service filed a Response to Order No. 2398 with revised Standard Mail and Periodicals prices, updated Mail Classification (MCS) pages, updated workshare discount tables, updated exigent surcharges affected by the revised prices, and revised price cap calculation workpapers for Standard Mail, Periodicals, and Package Services. Response to Order No. 2398 at 2. The Postal Service announced that the new implementation date for all market dominant price adjustments is May 31,

⁷ Docket Nos. R2015-4 and CP2015-33, Notice of the United States Postal Service of Delayed Implementation of First-Class Mail, Special Services, and Competitive Prices, March 31, 2015.

⁸ Order No. 2426, Order Amending Order Nos. 2365 and 2388, April 7, 2015.

2015.⁹ In Order No. 2461, the Commission ordered the classification changes for First-Class Mail take effect as requested by the Postal Service. *Id.* at 5-6. On April 17, 2015, the Commission issued Order No. 2444, which provided public notification of the Response to Order No. 2398 and provided an opportunity to comment in accordance with 39 C.F.R. § 3010.11(g).¹⁰ In Order Nos. 2365, 2378, and 2388, the Commission addressed comments filed in response to Order Nos. 2327 and 2340¹¹ to the extent those comments were applicable to the Commission's analysis.¹² No comments were filed in response to Order No. 2444. In this Order, the Commission limits its analysis to only those comments that have not been previously addressed. The Commission received seven such sets of formal comments relating to the Postal Service's proposed adjustments for Standard Mail, Periodicals, and Package Services. Appendix A provides a list of commenters and citations to the comments discussed in this Order.

The Postal Service's Notice contained many errors and inconsistencies and lacked information required by title 39 and the Commission's regulations. Sixteen Chairman's Information Requests (CHIRs) were issued in an attempt to bring the filing into compliance with statutory and regulatory requirements, clarify the Postal Service's proposed price adjustments and classification changes, and ensure the Commission and commenters had accurate and complete data to review. Those 16 CHIRs contained over 100 separate questions and requests pertaining to the Postal Service's initial proposal. An additional CHIR was subsequently issued pertaining to the

⁹ *Id.* at 3. The Postal Service states that it plans to make an exception for the Earned Value Reply Mail promotion, which it plans to begin on May 1, 2015, as initially planned. *Id.* In Order No. 2461, the Commission approved the May 1, 2015, implementation date for the Earned Value Reply promotion for First-Class Mail. See Order on First-Class Mail Promotions and Related Mail Classification Schedule Changes, April 30, 2015, at 5 (Order No. 2461).

¹⁰ Notice and Order on Amended Rate Adjustments and Classification Changes for Standard Mail, Periodicals, and Package Services Products, April 17, 2015 (Order No. 2444).

¹¹ Order Granting, in Part, Motion for Extension of Comment Deadline, February 2, 2015 (Order No. 2340).

¹² See Order No. 2365 at 4; Order No. 2378 at 4, n.8; Order No. 2388 at 3.

Response to Order No. 2398. Appendix B provides citations to these information requests, the Postal Service's responses, and related filings.

B. Proposed Price Adjustments and the Exigent Surcharge

The market dominant prices that are currently in effect include a temporary exigent surcharge of 4.3 percent.¹³ The "base prices" (*i.e.*, the price in effect without the exigent surcharge) were established in Docket No. R2013-10.¹⁴ The Commission previously determined that if the Postal Service were to seek an inflation-based price adjustment during the period in which the exigent surcharge was in effect, the Postal Service should address both the general requirements of 39 U.S.C. § 3622 and the specific workshare discount requirements on the base prices and any added inflation-based adjustment.¹⁵

In this proceeding, the Postal Service requests to increase the base prices while the exigent surcharge remains in effect. Consequently, two sets of prices are produced. The first set of prices reflects the proposed inflation-based increases to the base prices with the exigent surcharge added to the new inflation-adjusted prices. These are the prices that the Commission expects will go into effect when the Postal Service implements the planned price changes.¹⁶ Thus, the Commission includes these prices

¹³ Docket No. R2013-11, Order Granting Exigent Price Increase, December 24, 2013 (Order No. 1926).

¹⁴ Docket No. R2013-10, Order on Price Adjustments for Market Dominant Products and Related Mail Classification Changes, November 21, 2013 (Order No. 1890).

¹⁵ Docket No. R2013-11, Order on Exigent Surcharge Removal, January 12, 2015, at 9 (Order No. 2319).

¹⁶ The Postal Service intends to implement the new prices on May 31, 2015. Response to Order No. 2398 at 3. The Postal Service will notice the removal of the exigent surcharge at least 45 days prior to the day the exigent surcharge is removed. Order No. 2319 at 15.

in the attachment to this Order that details the changes to the MCS arising from this Order.¹⁷ The second set of prices results from the adjustment of the base prices to reflect the proposed inflation-based increases. These prices will be in effect when the exigent surcharge is removed.

Consistent with Order No. 2319, the Commission has reviewed the base prices, the planned inflation-based adjustments, and the workshare discounts for compliance with 39 U.S.C. § 3622. Analysis of the percentage change in rates, workshare discounts, and all other analyses compare the base prices to the planned inflation-based adjustments.

II. RESOLUTION OF ISSUES IDENTIFIED IN ORDER NOS. 2378 AND 2398

In Order Nos. 2378 and 2398, the Commission remanded the proposed price adjustments for the Standard Mail, Periodicals, and Package Services classes. This section describes the Commission's findings and directives in Order Nos. 2378 and 2398. After reviewing the Postal Service's responses to those orders, the Commission finds that the Postal Service has remedied the deficiencies specified in Order Nos. 2378 and 2398 for all three classes.

A. Standard Mail

1. Order No. 2378 and Postal Service Response

In Order No. 2378, the Commission directed the Postal Service to address the following issues in its planned price adjustments: (1) unequal nonprofit and commercial discounts, (2) improperly justified workshare discounts with passthroughs above 100 percent, and (3) improperly calculated billing determinant adjustments for the new FSS

¹⁷ The Public Representative comments that the Commission should include the approved MCS changes with its Order for transparency and accuracy in light of many revisions filed by the Postal Service. PR Comments at 2. As it did for the First-Class Mail and Special Services classes, the Commission includes the approved MCS changes that will go in effect when this price adjustment is implemented with this Order.

price cells. Order No. 2378 at 6. Additionally, the Commission suggested, but did not require, that the Postal Service adjust its proposed rates to equalize presort discounts for piece-rated pieces and pound-rated pieces as well as dropship discounts for the same destination entry point. *Id.* at 15.

In its Response to Order No. 2378, the Postal Service provided revised prices intended to equalize all nonprofit and commercial discounts, reduced the improperly justified workshare discounts with passthroughs above 100 percent, and adjusted the Standard Mail billing determinants to include FY 2014 Quarter 4 data. Response to Order No. 2378 at 3-4. It also elected to equalize presort discounts for piece-rated pieces and pound-rated pieces and equalize dropship discounts for the same destination entry point. *Id.* at 4. Finally, it proposed to change Forwarding-and-Return Service fees from \$0.43 to \$0.435 for letters and from \$1.39 to \$1.395 for flats. *Id.* at 4-5. It stated that these changes would not impact the price cap. *Id.* at 5.

2. Order No. 2398 and Postal Service Response

In Order No. 2398, the Commission pointed out that the Postal Service's workpapers proposed unequal nonprofit and commercial presort discounts for High Density Letters and Flats despite the Postal Service's representation that these discounts were made equal. Order No. 2398 at 3. The Commission was also unable to verify some of the Postal Service's exigent surcharge calculations for the new Standard Mail FSS price categories. *Id.* at 4. The Commission remanded all Standard Mail rates and directed the Postal Service to equalize the nonprofit and commercial discounts for High Density Letters and Flats and provide the calculations used to develop the exigent surcharges for each new Standard Mail FSS price category identified in an attachment to the Order. *Id.* The Commission did not address the Postal Service's additional proposed change to Forwarding-and-Return service fees in Order No. 2398.

The Postal Service's Response to Order No. 2398 provides a set of revised prices equalizing the nonprofit and commercial discounts for High Density Letters and

Flats. In doing so, the Postal Service corrects 45 prices and brings all related nonprofit and commercial discounts into alignment. Response to Order No. 2398 at 4.

The Postal Service also identifies and corrects other discount relationships that were out of alignment, such as ensuring barcode discounts are equal for each entry point and making corresponding adjustments to equalize nonprofit and commercial discounts. *Id.* Additionally, it makes adjustments to nonprofit Non-machinable Letters to align discounts between Machinable and Non-machinable Non-automated Letters with commercial prices. *Id.* It also changes the three pound price cells for Commercial Saturation Flats to make all Commercial pound prices equal for each entry point for Commercial High Density, High Density Plus, and Saturation Flats. It adjusts Commercial and nonprofit High Density Plus Flats piece-rated and pound-rated prices so that the presort discounts are the same for piece-rated pieces and pound-rated pieces. *Id.* Finally, the Postal Service modifies Carrier Route prices so that equalizing the nonprofit and commercial discounts across the board would not make any workshare discount passthroughs already over 100 percent any higher. *Id.* at 5. For each workshare passthrough that exceeds 100 percent in its revised prices, the Postal Service relies on the same statutory exemptions originally used to justify the passthroughs. *Id.*

There are a total of 134 changes to Standard Mail prices as a result of the Response to Order No. 2398. The revised prices generate a 1.937 percent price increase for Standard Mail. *Id.*

The Postal Service also provides the calculations used to develop the exigent surcharges for each new Standard Mail FSS price category in response to the Commission's directive. See *id.* Attachment C, Part II. In doing so, it identifies 12 surcharges that were previously calculated using incorrect data or surcharges.

The Postal Service also reiterates its proposal for a change in the Forwarding-and-Return service fees from \$0.43 to \$0.435 for letters and from \$1.39 to \$1.395 for

flats. After the exigent surcharges are applied, the final fees will be \$0.45 for letters and \$1.40 for flats. Response to Order No. 2398 at 7.

3. Commission Analysis

The Postal Service's Response to Order No. 2398 complies with the directives set forth in Order No. 2398. All nonprofit and commercial discounts are equalized, and the Postal Service has provided the calculations used to develop exigent surcharges for each new Standard Mail FSS price category.

The Postal Service's proposed FSS price categories and workshare discounts for Standard Mail are discussed in more detail in section III. The remainder of its proposed price adjustments for Standard Mail are discussed in more detail in section IV.

B. Periodicals

1. Order No. 2378 and Postal Service Response

In Order No. 2378, the Commission found that the Postal Service had incorrectly adjusted billing determinants associated with FSS pricing for Periodicals bundles, sacks, and pallets, and concluded that this precluded the Commission from finding that the planned Periodicals price adjustments complied with applicable law. Order No. 2378 at 22, 24. Consequently, the Commission remanded the planned Periodicals prices and directed the Postal Service to provide volume data for bundles, sacks, and pallets that would have been mailed at FSS prices in FY 2014 Quarters 1 and 2 had FSS prices been in place ("pro forma FSS prices") and the non-FSS prices actually charged for those volumes. *Id.* at 23-24.

The Postal Service provided the requested bundle, sack, and pallet volume data in its Response to Order No. 2378; however, it did not provide the non-FSS prices actually charged for sacks and pallets that would have been mailed at pro forma FSS prices in its accompanying revised price cap calculation. Response to Order No. 2378

at 5-6; Library Reference USPS-LR-R2015-4/8. In addition, the Postal Service explained that to account for revenue lost from preferred rate discounts under existing and proposed rates, it proportionally distributed bundles to the Regular Rate, Nonprofit, and Classroom categories for each container presort and bundle presort combination. Response to Order No. 2378 at 6. It incorporated the new bundle distribution into the adjusted billing determinants, but did not include the new distribution in its revised Periodicals price cap calculation. See Library Reference USPS-LR-R2015-4/8.

2. Order No. 2398 and Postal Service Response

In Order No. 2398, the Commission found that the Postal Service's revised Periodicals price cap calculation should have included both the non-FSS prices actually charged for sacks and pallets that would have been mailed at pro forma FSS prices and the new distribution of bundles to the Regular Rate, Nonprofit, and Classroom categories. Order No. 2398 at 6. The Commission also identified and proposed corrections to additional errors in the revised Periodicals price cap calculation.¹⁸ *Id.*

The Commission, using the framework in Library Reference USPS-LR-R2015-4/8, developed a library reference containing a proposed approach for incorporating the missing data and the other corrections into the Periodicals price cap calculation.¹⁹ The Commission's approach included the new bundle distribution, actual historical prices for sacks and pallets that would have been mailed at pro forma FSS prices, and the proposed corrections.

The Commission directed the Postal Service to provide a revised price cap calculation addressing the deficiencies identified by the Commission, and provided the Postal Service with the option of using Library Reference PRC-LR-R2015-4/7 to correct the deficiencies or explaining why different adjustments are appropriate in accordance

¹⁸ See preface to Library Reference PRC-LR-R2015-4/7 for a discussion of its proposed corrections to the Periodicals price cap calculation.

¹⁹ See Library Reference PRC-LR-R2015-4/7.

with 39 C.F.R. § 3010.23(d)(2). *Id.* at 6. As shown in Library Reference PRC-LR-R2015-4/7, the Commission calculated the average price adjustment for the Periodicals class to be 1.857 percent, resulting in the generation of 0.109 percent of unused price cap authority based on the Postal Service's revised planned prices. *Id.* at 6-7. Consequently, the Commission required the Postal Service to provide a rationale for any proposed price adjustment that did not maximize its price adjustment authority for Periodicals in accordance with 39 C.F.R. § 3010.12(b)(4). *Id.* at 7.

The Postal Service proposes a second set of revised Periodicals prices in response to Order No. 2398.²⁰ Response to Order No. 2398 at 7. The revised prices reflect revisions to the workpapers addressing various methodology-related omissions and errors, as well as two changes reflecting pricing policy.

With respect to errors and omissions, the Postal Service, utilizing Library Reference PRC-LR-R2015-4/7, incorporates into its second revised Periodicals price cap calculation:

- the non-FSS prices actually charged for the sacks and pallets that would have been mailed at pro forma FSS prices in FY 2014 Quarters 1 and 2;
- the new bundle distribution for the Regular Rate, Nonprofit, and Classroom categories;
- several adjustments updating Commission-supplied numbers in Library Reference PRC-LR-R2015-4/7 to reflect errata the Postal Service filed in Docket No. ACR2014 revising Periodicals revenue and volume data; and
- other adjustments stemming from minor errors in cell references and cell locations in Library Reference PRC-LR-R2015-4/7.

Id. at 7-8.²¹

²⁰ See Library Reference USPS-LR-R2015-4/11 (Periodicals Workpapers Remand 2); Response to Order No. 2398, Attachment A, Part I.

²¹ The preface to Library Reference USPS-LR-R2015-4/11 further explains the issues identified by the Postal Service and provides more information regarding the adjustments made between Library Reference PRC-LR-R2015-4/7 and Library Reference USPS-LR-R2015-4/11.

The second set of revised prices also reflects two policy-based changes. One is an increase in the discount associated with the per-piece editorial adjustment for Outside County Periodicals, relative to the discounts proposed in the Notice. Response to Order No. 2398 at 9. The Postal Service characterizes this change as consistent with previous market dominant price adjustments, where it consistently increased the per-piece editorial discount proportionately with the average increase in Periodicals pricing. *Id.*

The other change is an increase in the Outside County Periodicals advertising per-pound prices, relative to both sets of rates previously filed by the Postal Service in this docket. Despite the increase, the Outside County Periodicals advertising per-pound prices proposed by the Postal Service are lower than current advertising per-pound prices. *Id.* The Postal Service attributes this change to its interest in utilizing the maximum price adjustment authority for the Periodicals class and the increased per-piece editorial discount. *Id.*

The Postal Service states that with the revised prices, the total percentage price increase for Periodicals is 1.966 percent and that it utilizes all available price cap authority for the Periodicals class. *Id.*

The Postal Service also provides corrections to errors it has identified in the exigent prices for Within County Periodicals.²² It states that the errors were caused by the inadvertent use of an incorrect surcharge when determining the exigent prices in the initial filing. Response to Order No. 2398 at 9.

3. Commission Analysis

The Commission has reviewed the Postal Service's Response to Order No. 2398 and the accompanying second set of revised Periodicals prices. The Commission finds

²² See Response to Order No. 2398 at 9 and Attachment A, Part II at 60-61 (concerning Sec. 1305.6 Prices).

that the Postal Service has complied with the directives in Order No. 2398 related to workpaper errors and omissions by providing the missing data and including the new bundle distribution. In addition, the Commission finds the Postal Service's additional revisions in Library Reference USPS-LR-R2015-4/11, reflecting Docket No. ACR2014 errata and addressing cell references and cell locations, are appropriate. The Commission further finds that the Postal Service has utilized all available Periodicals pricing authority, thus bringing the proposal into compliance with 39 C.F.R. § 3010.12(b)(4) and Order No. 2398's directive.

The Commission addresses the Postal Service's new proposed FSS price categories and workshare discounts for Periodicals in section III. The Commission addresses the Postal Service's proposed price adjustments, including changes to Within County exigent rates, in section V.

C. Package Services

1. Order No. 2378 and Postal Service Response

In Order No. 2378, the Commission remanded the proposed price adjustments for the Package Services class and directed the Postal Service to address and correct several issues. The issues included uncertainty with respect to the Postal Service's March 3, 2015 revision to the Package Services billing determinants, a failure to demonstrate compliance with 39 C.F.R. §§ 3010.23(d)(2) and (3) relating to the billing determinant adjustments for Bound Printed Matter (BPM) Flats, and errors in Package Services price cap calculation workpapers. Order No. 2378 at 27-30. The Commission also directed the Postal Service to provide supplemental information, including the "Special Weight Report." *Id.* at 30. In Order No. 2378, the Commission concluded that, as a result of these issues, it was unable to make the finding in accordance with 39 U.S.C. § 3622 and 39 C.F.R. § 3010.11 that the planned Package Services price adjustment was consistent with applicable law. *Id.* at 27.

In its Response to Order No. 2378, the Postal Service provided corrections and additional information addressing the Commission's directives. The Postal Service provided supplemental information regarding its billing determinant adjustments and corrected errors in the billing determinants and price cap calculation. Response to Order No. 2378 at 6-9. In response to Order No. 2378's request for the source data and explanation for revisions made to the billing determinants, the Postal Service provided the Special Weight Report, which served as the source data for the Package Services billing determinants. The Special Weight Report showed data for FSS BPM Flats volume disaggregated into Presorted FSS BPM Flats and Carrier Route FSS BPM Flats, but for the majority of the fiscal year, those values were captured as FSS Presorted. *Id.* at 10. The Postal Service explained that it was not until late in Quarter 4 of FY 2014 that the Postal Service had data reflecting separate volumes for Presorted FSS BPM Flats and Carrier Route FSS BPM Flats. *Id.* at 11. The Postal Service explained that because it did not have disaggregated data for Presorted FSS and Carrier Route FSS volumes until late in Quarter 4 of FY 2014, it used a non-FSS distribution key as a proxy to estimate the disaggregated Carrier Route FSS and Presorted FSS volumes for its billing determinant adjustments. *Id.* at 8-9.

2. Order No. 2398 and Postal Service Response

In Order No. 2398, the Commission found that the Response to Order No. 2378 revealed additional inconsistencies and issues that required further explanation and correction by the Postal Service. First, the Commission directed the Postal Service to reconcile and explain the differences between the Package Services billing determinants and the Special Weight Report. Order No. 2398 at 10. Second, the Commission determined that 39 C.F.R. § 3010.23(d)(2) requires the Postal Service to apply historical FSS data when adjusting billing determinants or provide sufficient justification for using non-FSS volumes as a proxy. *Id.* at 9. Lastly, the Commission identified several issues with the Postal Service's price cap calculation workpapers which required correction. *Id.* at 10-11.

With respect to the Postal Service's use of non-FSS volumes as a distribution key for FSS volumes, the Commission found that the Postal Service failed to provide an explanation for its approach to adjusting the Package Service billing determinants as required by 39 C.F.R. § 3010.23(d)(2). *Id.* at 9. The Commission explained that in response to Order No. 2398, the Postal Service must either apply the FY 2014 Quarter 4 FSS data or provide sufficient justification for its use of non-FSS data. *Id.* Accordingly, Order No. 2398 stated "[i]f the Postal Service believes that it is not possible to use the FY 2014 Quarter 4 data as a distribution key, the Commission directs the Postal Service to explain why its use is not possible and provide empirical evidence in support of its proposed approach." *Id.*

In its Response to Order No. 2398, the Postal Service reconciles and explains the inconsistencies relating to the Package Service billing determinants and the Special Weight Report. Response to Order No. 2398 at 11. The Postal Service notes that, despite being the source file for the billing determinants, the volumes in the Special Weight Report will not always match the volumes in the billing determinants because the billing determinants will reflect additional accounting and adjustments made to the Revenue, Pieces, and Weight (RPW) report at the end of the year. *Id.* at 11-12. In response to the issues identified in Order No. 2398, the Postal Service also submits corrections to the Package Service price cap calculation workpapers.²³

Concerning the use of non-FSS data as a proxy for the distribution of Presorted FSS BPM Flats and Carrier Route FSS BPM Flats volume, the Postal Service provides a detailed explanation and modeling information supporting its approach. *Id.* at 13-23. The Postal Service states that the use of historical FSS data would be preferable, but explains that the use of historical FSS data in this instance would be unreliable given the incomplete and limited nature of the available data. *Id.* at 14. As part of the justification for its use of non-FSS data, the Postal Service explains that the available

²³ *Id.* at 24. The corrections are located in Library Reference PRC-LR-R2015-4/12.

data was incomplete and only represented the last 3 weeks in September. *Id.* The Postal Service discusses numerous factors negatively affecting the reliability of the available FSS data, including limited reporting of FSS volume by BPM Flats mailers, seasonal behavior of BPM mailers, and that volumes for BPM Carrier Route Flats entered at a destination delivery unit (DDU) are not included in the historical data. *Id.* at 15-19. The Postal Service asserts that these factors, in combination with the limited historical FSS data available, render the use of FY 2014 Quarter 4 FSS volume data unreliable as a method for adjusting the billing determinants. *Id.* at 19.

The Postal Service also provides two models as support for its conclusion that the use of the historical FY 2014 Quarter 4 FSS data would create an unreliable distribution for Presorted FSS BPM Flats and Carrier Route FSS BPM Flats. *Id.* at 19-22. In the first model, the Postal Service demonstrates how using FY 2014 September FSS volume data results in a distribution that creates negative volume that renders the approach unsuitable. *Id.* at 19-21. In the second model, the Postal Service shows how applying FY 2014 September FSS volume data produces results that differ significantly from the actual FY 2014 data distribution. *Id.* at 21-22. The Postal Service asserts that these models demonstrate that the limited historical FSS data should not be used to adjust the Package Service billing determinants.

The Postal Service states that its application of non-FSS data as a distribution key is the appropriate method to adjust the Package Services billing determinants for Presorted FSS BPM Flats and Carrier Route FSS BPM Flats. The Postal Service concludes that “[w]ithout accurate or reliable historical FSS data to determine the split between FSS Carrier Route and FSS Presort, it is better to rely on the known historical weighted volume between total Presort and Carrier Route BPM flats.” *Id.* at 23. Using this approach, the Postal Service seeks to utilize “the most reasonable and reliable historical data available for the purpose of adjusting the BPM billing determinants.” *Id.* at 14.

3. Commission Analysis

As discussed in Order No. 2398, 39 C.F.R. § 3010.23(d)(3) requires that adjustments to the billing determinants “be based on known mail characteristics or historical volume data” and that those adjustments be accompanied by “an explanation of why the adjustments are appropriate” under 39 C.F.R. § 3010.23(d)(2). Order No. 2398 at 9. In Order No. 2398, the Commission directed the Postal Service to comply with 39 C.F.R. §§ 3010.23(d)(2) and (3) with respect to its use of non-FSS historical data as a proxy to adjust the Package Services billing determinants despite the availability of historical FSS data for Quarter 4 of FY 2014. Without a sufficient explanation and evidence supporting the approach adopted by the Postal Service, the Commission was unable to find that the Postal Service properly adjusted the Package Services billing determinants.

In its Response to Order No. 2398, the Postal Service provides a comprehensive explanation for its use of non-FSS volume as a distribution key for its adjustments to the Package Service billing determinants. Response to Order No. 2398 at 13. The Postal Service’s response acknowledges that the use of historical data is preferable, but sufficiently demonstrates why the application of the historical FSS data would result in an unreliable and unrepresentative distribution of FSS volume for BPM Flats. Accordingly, the Commission finds that the Postal Service has provided sufficient justification and empirical evidence to support its use of historical non-FSS data as a proxy in adjusting the Package Service billing determinants in accordance with 39 C.F.R. §§ 3010.23(d)(2) and (3).

Finally, the Commission finds that the Response to Order No. 2398 resolves the issues and data inconsistencies which had previously prevented the Commission from making the determination that the price adjustments planned for the Package Services class is consistent with applicable law. By reconciling and explaining the differences between the Package Services billing determinants and the Special Weight Report and

revising the Package Services price cap calculation workpapers, the Postal Service has provided sufficient information to satisfy the Commission's directives in Order No. 2398.

The Postal Service's reconfiguration and differentiation of FSS price cells are discussed in more detail in section III. The proposed price adjustments for Package Services are discussed in section VI.

III. FSS PRICES FOR STANDARD MAIL, PERIODICALS, AND PACKAGE SERVICES

A. Introduction

In this proceeding, the Postal Service proposes new FSS prices and workshare discounts for Standard Mail, Periodicals, and Package Services. The Postal Service deployed FSS machines to improve efficiency in processing flat-shaped mail. FSS machines mechanically sort flat-shaped mail that otherwise must be manually sorted by mail carriers. The machines have been installed at various postal processing facilities throughout the country, which are referred to as destination FSS (DFSS) facilities. Each DFSS facility processes flats for zones assigned to that facility, each referred to as an FSS zone. The delivery address of a given piece rather than its originating location determines whether that piece is considered destinating to a FSS zone and thus whether it will be processed on a FSS machine in a DFSS facility. FSS zones do not cover the entire country, and as a result, pieces mailed to addresses in non-FSS zones pay non-FSS prices and are not required to meet FSS mail preparation requirements. The Commission has reviewed the new FSS prices and workshare discounts for Standard Mail, Periodicals, and Package Services. For the reasons set forth below, the Commission approves the new prices and workshare discounts. However, the Commission finds that additional information is necessary before an accepted analytical principle for the avoided costs for FSS presortation discounts can be established and directs the Postal Service to file a petition for a rulemaking as described in detail below.

B. Docket No. R2013-10

In Docket No. R2013-10, the Postal Service proposed requiring what had previously been optional FSS preparation for flat-shaped Standard Mail, Periodicals, and Package Services mailpieces destinating in FSS zones.²⁴ Mandatory FSS preparation requires that all bundles be of equal height, but allows mailers to select a height ranging from 3.0 inches to 6.0 inches for their bundles and allows FSS bundles to include flats from multiple products within a class. Order No. 1890 at 70.

The Postal Service also proposed new FSS pricing for Presorted Standard Mail Flats and Bound Printed Matter (BPM) Flats destinating to FSS zones. Docket No. R2013-10 Notice at 16. In Standard Mail, the Postal Service introduced FSS prices for commercial and nonprofit Automation and Non-automation Flats. Each commercial and nonprofit Automation and Non-automation price was set equal to the comparable commercial or nonprofit, Automation or Non-automation 5-digit price at the same level of entry. *Id.* Attachment A at 50-53. The Postal Service did not adjust the Standard Mail billing determinants to account for the FSS prices because the FSS prices were identical to the comparable 5-digit prices. In Package Services, the Postal Service introduced FSS and non-FSS prices for BPM Flats. *Id.* Attachment A at 73-75. The FSS and non-FSS BPM Flats prices were equal for each destination entry level or zone. *Id.*

The Postal Service also proposed new FSS discounts for mail dropshipped to a DFSS facility. In Standard Mail, the DFSS dropship discount became available for High Density Plus flats, High Density flats, Carrier Route flats, and Flats. *Id.* Attachment A at 30-32, 38, 50-53. DFSS dropship discounts also became available for Outside County Periodicals and Carrier Route and Presorted BPM Flats. *Id.* Attachment A at 64-70, 73-75.

²⁴ Docket No. R2013-10, United States Postal Service Notice of Market-Dominant Price Adjustment, September 26, 2013, at 16 (Docket No. R2013-10 Notice).

In Order No. 1890, the Commission approved the Postal Service's proposed FSS-related changes but found that the Postal Service had not provided adequate support for establishing some of the FSS workshare discounts. Order No. 1890 at 72-73. Specifically, the Commission found that the Postal Service provided support for the establishment of the DFSS dropship discounts, but found that the Presorted FSS discounts lacked adequate support. *Id.* at 73. The Commission nonetheless approved the FSS Presorted prices because they matched the corresponding Presorted prices for each product and category. *Id.* The Commission held that "[w]hen the Postal Service decides to differentiate the FSS presort prices from existing prices by offering discounts, the Postal Service must file the necessary information for the Commission to review these discounts." *Id.* at 73-74 (citing 39 C.F.R. § 3010.12(c)).

C. Description of Docket No. R2015-4 FSS Prices and Workshare Discounts by Class

In this proceeding, the Postal Service proposes to differentiate the Standard Mail Flats FSS and 5-digit prices; to create new FSS prices and workshare discounts for Outside County Periodicals; and to reconfigure FSS pricing and differentiate FSS and non-FSS prices for BPM Flats. These changes are described in more detail below.

Standard Mail FSS price differentiation. The Postal Service proposes to differentiate the prices for FSS scheme and non-scheme Presorted pieces for both commercial and nonprofit Automation and Non-automation Flats. In total, this generates 96 new FSS price cells in the Standard Mail Flats product.

Table III-1 details the new Standard Mail FSS prices.

Table III-1
New Standard Mail FSS Prices

Commercial Prices	Piece-Rated Pieces: Price Per Piece				Pound-Rated Pieces: Price Per Piece				Pound-Rated Pieces: Price Per Pound			
	Origin	DNDC	DSCF	DFSS	Origin	DNDC	DSCF	DFSS	Origin	DNDC	DSCF	DFSS
Automation Flats												
FSS Non-Scheme Pallet/Container	0.331	0.298	0.288	0.283	0.174	0.174	0.174	0.169	0.763	0.602	0.554	0.554
FSS Scheme Pallet/Container	0.301	0.268	0.258	0.253	0.144	0.144	0.144	0.139	0.763	0.602	0.554	0.554
Non-automation Flats												
FSS Non-Scheme Pallet/Container	0.410	0.377	0.367	0.362	0.253	0.253	0.253	0.248	0.763	0.602	0.554	0.554
FSS Scheme Pallet/Container	0.405	0.372	0.362	0.357	0.248	0.248	0.248	0.243	0.763	0.602	0.554	0.554
Nonprofit Prices	Piece-Rated Pieces: Price Per Piece				Pound-Rated Pieces: Price Per Piece				Pound-Rated Pieces: Price Per Pound			
	Origin	DNDC	DSCF	DFSS	Origin	DNDC	DSCF	DFSS	Origin	DNDC	DSCF	DFSS
Automation Flats												
FSS Non-Scheme Pallet/Container	0.192	0.159	0.149	0.144	0.056	0.056	0.056	0.051	0.660	0.499	0.451	0.451
FSS Scheme Pallet/Container	0.162	0.129	0.119	0.114	0.026	0.026	0.026	0.021	0.660	0.499	0.451	0.451
Non-automation Flats												
FSS Non-Scheme Pallet/Container	0.271	0.238	0.228	0.223	0.135	0.135	0.135	0.130	0.660	0.499	0.451	0.451
FSS Scheme Pallet/Container	0.266	0.233	0.223	0.218	0.130	0.130	0.130	0.125	0.660	0.499	0.451	0.451

Source: Response to Order No. 2398, Attachment A, Part I.

The Postal Service develops the exigent surcharges applicable to each new Standard Mail FSS price cell by using the volume-weighted average of the exigent surcharges paid under the old price cells. The Postal Service provides these surcharges and their underlying calculations in its Response to Order No. 2398, Attachment C, Parts I and II.

Standard Mail Presorted FSS passthroughs. As discussed above, in Order No. 1890, the Commission found the Presorted FSS prices are workshare discounts and held that the discounts would be assessed when the Postal Service differentiated the FSS prices from the corresponding 5-digit prices. See Order No. 1890 at 72-74; 39 U.S.C. § 3622(d)(2)(E). The following table contains the passthroughs for the workshare discounts where the FSS prices would differ from the corresponding non-FSS prices as a result of this proceeding.

Table III-2
Passthroughs for New Workshare Discounts in Standard Mail

Commercial and Nonprofit Categories	Discount	Avoided Costs	Passthrough
Automation Flats			
FSS Non-Scheme Pallet/Container	\$0.136	\$0.046	295.7%
FSS Scheme Pallet/Container	\$0.030	\$0.013	230.8%
Non-automation Flats			
FSS Non-Scheme Pallet/Container	\$0.084	\$0.056	150.0%
FSS Scheme Pallet/Container	\$0.005	\$0.013	38.5%
Source: Response to Order No. 2398, Attachment B, Excel file "AttachmentB-Remand2."			

The Postal Service identified the benchmark, discount, and avoided cost for the new Flats FSS prices in the February 11 Response to CHIR No. 6, questions 6, 7, 10, and 11. The Postal Service states that the benchmarks for Automation and Non-automation Flats on FSS non-scheme pallets/containers are Automation and Non-automation 3-digit Flats, respectively. February 11 Response to CHIR No. 6, questions 7 and 11. Thus, to calculate the avoided cost of FSS non-scheme Flats, the Postal Service compares the costs of Automation and Non-automation 3-digit Flats and FSS non-scheme Flats. The Postal Service asserts that Periodicals cost savings for Barcoded and Non-barcoded FSS is a suitable proxy for the avoided cost for FSS non-scheme Automation and Non-automation Flats. *Id.* For Automation and Non-automation Flats on FSS scheme pallets/containers, the Postal Service identifies the benchmarks as Automation and Non-automation Flats on FSS non-scheme pallets/containers, respectively. February 11 Response to CHIR No. 6, questions 6 and 10. Thus, to calculate the avoided cost of FSS scheme Presorted pieces, the Postal Service compares the costs of FSS non-scheme Presorted mail and FSS scheme Presorted mail.

New Periodicals FSS prices. In this proceeding, the Postal Service adds new FSS prices for Automation and Non-automation Outside County Periodicals pieces

destined for FSS zones. New FSS prices are also added for DFSS sacks. Table III-3 contains the new FSS prices by rate element.

Table III-3
New Periodicals FSS Prices

Pieces	Price
FSS Machinable Barcoded Flats	\$ 0.230
FSS Machinable Non-Barcoded	\$ 0.360
Sacks	
FSS Facility DFSS Entry	\$ 0.866
FSS Scheme DFSS Entry	\$ 0.433

The new FSS piece prices are a composite of the proposed 3-digit, 5-digit, and Carrier Route prices, an approach that minimizes the price cap impact of the new price cells. The Postal Service applies the same exigent surcharge to the non-FSS and FSS prices.

Periodicals FSS passthroughs and price/cost percentage ratios. The new FSS prices proposed for Outside County Periodicals in this proceeding are workshare discounts offered to mailers. See February 11 Response to CHIR No. 6, questions 4-5; 39 U.S.C. § 3622(d)(2)(E). The following table contains the passthroughs for the new workshare discounts proposed in this proceeding. It also contains the price/cost percentage ratios for the new sack prices.²⁵

²⁵ The price/cost percentage ratios compare the price of the bundle, sack, or pallet to the amount of the processing cost incurred by the Postal Service. Unlike piece discounts, price/cost percentage ratios are not discounts that directly relate the difference in price to the costs avoided by improved mailer preparation. However, the percentage ratios do reflect to some degree how a mailer's choice of container and presort bundle level impact the Postal Service's handling costs.

Table III-4
Passthroughs for New Workshare Discounts
and Price/Cost Percentage Ratios in Periodicals

Pieces	Discount	Avoided Cost	Passthrough
FSS Machinable Barcoded Flats	\$ 0.160	\$ 0.046	347.8%
FSS Machinable Non-Barcoded	\$ 0.056	\$ 0.056	100.0%
Sacks	Price	Cost	Price/Cost Ratio
FSS Facility DFSS Entry	\$ 0.866	\$ 2.103	41.2%
FSS Scheme DFSS Entry	\$ 0.433	\$ 2.103	20.6%

Source: February 11 Response to CHIR No. 6, questions 4-5.

The Postal Service identified the benchmark, discount, and avoided cost for the Machinable Barcoded and Non-barcoded FSS prices in the February 11 Response to CHIR No. 6, questions 4 and 5. The Postal Service asserts that the benchmark for the Machinable Barcoded and Non-barcoded FSS discounts are Machinable Barcoded and Non-barcoded 3-digit prices, respectively. February 11 Response to CHIR No. 6, questions 4-5. Thus, to calculate the avoided cost of FSS pieces it compares the cost of 3-digit and FSS Presorted mail.

Package Services FSS price differentiation and reconfiguration. The Postal Service does not propose any new FSS price cells for BPM Flats. Instead, the Postal Service proposes to reconfigure BPM Flats FSS pricing similar to the price structure proposed for Standard Mail and Periodicals. As a result, the Postal Service seeks to eliminate FSS pricing for Carrier Route, Presorted FSS DDU pricing, and Presorted non-FSS DFSS pricing. Notice, Attachment A, Part I at 70-73. The Postal Service also differentiates FSS prices from the comparable non-FSS prices for Presorted FSS BPM Flats. *Id.* at 72-73.

The Postal Service also seeks to apply DFSS prices for FSS scheme bundles on scheme containers entered at the DFSS. *Id.* at 73, n.2. For FSS scheme bundles entered on non-scheme containers at the DFSS, the Postal Service proposes applying destination sectional center facility (DSCF) prices. *Id.* As such, there are no new FSS

price cells, but new FSS mail preparation requirements are imposed on existing price cells.

Package Services FSS passthroughs. As discussed above, in Order No. 1890, the Commission found the new FSS prices are workshare discounts and held that the discounts would be assessed when the Postal Service differentiated the FSS prices from the corresponding non-FSS prices for each product and category. See Order No. 1890 at 72-74; 39 U.S.C. § 3622(d)(2)(E). In this proceeding, the Postal Service proposes to differentiate the Presorted FSS Origin Entry BPM Flats prices from the Presorted non-FSS Origin Entry BPM Flats prices. Notice, Attachment A at 72-73. In the February 11 Response to CHIR No. 6, question 16, the Postal Service identifies Nonpresorted BPM Flats as the benchmark for FSS Basic Presort Origin Entry BPM Flats pieces. The Postal Service states the workshare discount is \$0.339.²⁶ February 11 Response to CHIR No. 6, question 16. The Postal Service does not identify a workshare cost avoidance stating that “[t]he closest proxy is Basic Flats. The Postal Service does not report an avoided cost for this product.” *Id.*

D. Commission Analysis of New and Differentiated FSS Workshare Discounts

1. Applicable Legal Requirements for New and Differentiated Workshare Discounts

The new FSS workshare discounts for Periodicals and the differentiated Standard Mail and Package Services FSS Presorted workshare discounts must be reviewed for compliance with 39 U.S.C. § 3622(e) and the Commission’s regulations. In Order No. 1890, the Commission held that the Postal Service must file the information required for new workshare discounts when it proposes to differentiate the FSS Presorted prices from corresponding prices. Order No. 1890 at 73-74. In this

²⁶ The Commission calculates the discount for Presorted FSS Origin Entry BPM Flats as \$0.341. The discount is the difference between the per-piece rate for Single-Piece BPM Flats, set at \$1.58, and the per-piece rate for Presorted FSS Origin Entry BPM Flats, set at \$1.239.

proceeding, the Postal Service proposes differentiated Presorted FSS and non-FSS discounts for Standard Mail Flats and Package Services BPM Flats. The Postal Service also proposes new FSS workshare discounts for Outside County Periodicals. Thus, the Commission reviews the new and differentiated FSS discounts for all three classes for compliance with applicable law.

The Commission's primary legal responsibility pertaining to workshare discounts is to ensure the discounts do not exceed the costs that the Postal Service avoids as a result of the workshare activity unless one of the statutory exceptions applies. 39 U.S.C. § 3622(e)(2). To facilitate this analysis, the Commission's regulations require that certain information must be provided when the Postal Service proposes new workshare discounts. When proposing new workshare discounts in a notice of rate adjustment, the Postal Service must provide: (1) a statement explaining its reasoning for establishing the discount; (2) all data, economic analyses, and other information relied on to justify the discount; and (3) a certification that the discount will not adversely affect the rate or service levels of users who do not take advantage of the discount. See 39 U.S.C. § 3622(e)(4) and 39 C.F.R. § 3010.12(c). The Commission's regulations require that "[a]ll cost, avoided cost, volume, and revenue figures submitted with the notice of rate adjustment shall be developed from the most recent applicable Commission approved analytical principles." 39 C.F.R. § 3010.12(f).

As shown in Tables III-2 and III-4, several of the Standard Mail Flats and one of the Outside County Periodicals Presorted FSS workshare discounts have passthroughs that exceed 100 percent. Additionally, without a workshare cost avoidance for BPM Flats, the Commission is unable to assess whether that passthrough exceeds 100 percent. Title 39 contains several exceptions that the Postal Service may use to justify workshare discounts that exceed avoided costs. One such exception allows discounts in excess of avoided costs if the discount is "a new work share initiative related to an

existing postal service.” 39 U.S.C. § 3622(e)(2)(A)(i).²⁷ See also Response to CHIR No. 12, questions 3-4. The Commission finds that the Presorted FSS workshare discounts with passthroughs in excess of 100 percent are justified in accordance with the new workshare discount exception of 39 U.S.C. § 3622(e)(2)(A)(i).

2. Workshare Costing Methodology Rulemaking

Accepted analytical principles. The Commission analyzes workshare discounts under 39 U.S.C. § 3622(e)(2) preliminarily in market dominant price adjustment proceedings and for compliance with 39 U.S.C. § 3622(e)(2) annually in the Annual Compliance Determination (ACD). In future proceedings, the Commission will be tasked with ensuring the discounts do not exceed costs avoided unless the discounts satisfy a statutory exception.

The Postal Service’s Annual Compliance Report (ACR) must include data for each market dominant workshare discount offered during the reporting year, including “[t]he per-item cost avoided by the Postal Service by virtue of such discount.” 39 C.F.R. § 3050.21(e)(1). The data must be developed using “only accepted analytical principles.” 39 C.F.R. § 3050.10. In accordance with 39 C.F.R. § 3050.1(a), an accepted analytical principle is “an analytical principle that was applied by the Commission in its most recent Annual Compliance Determination unless a different analytical principle subsequently was accepted by the Commission in a final rule.” Accepted analytical principles may be changed in accordance with 39 C.F.R. 3050.11, which allows any interested person, including the Postal Service, to submit a petition for a rulemaking changing an accepted analytical principle “[t]o improve the quality, accuracy, or completeness of the data or analysis of data contained in the Postal Service’s annual periodic reports to the Commission.” 39 C.F.R. § 3050.11(a).

²⁷ Other statutory exceptions may apply. For example, Periodicals workshare discounts that exceed 100 percent are generally allowable under the 39 U.S.C. § 3622(e)(2)(C) exception.

Issues with available information. There is no current accepted analytical principle for measuring the passthroughs for FSS Presorted mail. In the February 11 Response to CHIR No. 6, the Postal Service proposes benchmarks and avoided costs for the Presorted FSS workshare discounts. As contemplated in previous Commission proceedings, the evolution of FSS processing has triggered the need for a rulemaking proceeding to examine and adopt an accepted analytical principle used for the purpose of estimating workshare cost avoidances and passthroughs for FSS Presorted mail.²⁸ The Commission finds that the approach proposed by the Postal Service requires further vetting in a rulemaking proceeding.

The Commission has several questions and concerns that should be addressed in the rulemaking proceeding. First, in calculating the avoided costs for the new workshare passthroughs for Presorted FSS Standard Mail Flats and Outside County Periodicals, the Postal Service did not include any FSS-specific delivery costs in its estimate of the cost of Presorted FSS pieces. Although the Postal Service implies that the delivery costs for 3-digit mail and FSS mail are the same (cost segments 6 and 7),²⁹ the Commission believes that differences may exist in the delivery cost of Presorted FSS mail and the delivery cost of 3-digit mail. In particular, FSS flats do not need to be cased by carriers, while 3-digit Flats do. This cost segment 6 difference is not accounted for in the Postal Service's proposal. Further, in Docket No. RM2015-7, the Postal Service has proposed a delivery cost model that differentiates city carrier delivery

²⁸ See Docket No. RM2012-2, Order No. 1383, Order Concerning Analytical Principles for Periodic Reporting (Proposals Sixteen through Twenty), June 26, 2012, at 8 ("With these continuing uncertainties, it is important for the Postal Service to continue to explore areas where the FSS sort and prep operational data can be improved."); Docket No. RM2012-8, Order No. 1656, Order on Analytical Principles Used in Periodic Reporting (Proposal Nine), February 14, 2013, at 7 ("[A]s the flats processing operations evolve to optimize use of the FSS, the impact on worksharing cost avoidances may need to be reviewed.").

²⁹ February 11 Response to CHIR No. 6, question 5.

time variabilities between FSS and other types of mail.³⁰ Thus, FSS flats may also have a different unit cost for segment 7, City Carrier Street Time.

Second, there is uncertainty with how the Postal Service includes the mail processing costs in its estimate of the cost of Presorted FSS pieces. The Postal Service applies the Periodicals Outside County Mail Processing workshare model for both Periodicals and Standard Mail FSS mail processing costs. However, this model should not be used to determine the FSS mail processing costs for new workshare discounts as it is designed to generate avoided cost estimates for only the workshare discounts currently in effect. The problems with the Postal Service's approach are best illustrated through an example. For the Periodicals Machinable Barcoded FSS discount, the avoided cost is calculated by comparing the cost of 3-digit Barcoded Machinable (24.43 cents) and the cost of FSS Barcoded Machinable (15.70 cents). However, the 3-digit mail processing cost includes the cost of FSS processing. After FSS prices are implemented, mail that is processed on the FSS that was formerly entered at 3-digit prices will now pay FSS prices.³¹

Third, the Commission is concerned with the Postal Service's use of the cost of DSCF sacks as a proxy for the cost of DFSS sacks in Periodicals.³² The cost of a DSCF sack is calculated with the assumption that DSCF sacks are immediately worked upon entry. It is reasonable to assume that DFSS sacks will be worked in a similar manner. However, a benefit of DFSS scheme sacks is that they can be taken directly to

³⁰ Docket No. RM2015-7, Petition of the United States Postal Service for the Initiation of a Proceeding to Consider Proposed Change in Analytical Principles (Proposal Thirteen), December 11, 2014, Attachment at 6.

³¹ The mail processing cost model estimates that 16.55 percent of all 3-digit Barcoded Machinable Periodicals were processed on FSS machines. Docket No. ACR2014, Library Reference PRC-LR-ACR14-5, Excel file "FY 2014 Outside County Periodicals," tab "3D," cell C240. The current 3-digit Barcoded Machinable mail processing cost estimate includes 2.065 cents of FSS processing. *Id.* at cell K240. This estimate is a direct cost, before the cost of bundle breakage and CRA adjustments are applied.

³² Response to Order No. 2398, Excel file "Attachment B-Remand2.xls," tab "Per. Bundle-Container Pricing," cells D63 and D71.

the FSS machine instead of to a bundle sorting machine. In the January 30 Response to CHIR No. 1, question 5, the Postal Service states that “[t]he cost study on DFSS Workshare is still in the early stages of development.” Until the DFSS cost study is completed and before adopting this proxy as an accepted analytical principle, the Commission finds that the Postal Service should explore if a more precise estimate of the cost associated with DFSS sacks can be generated.

In addition to workshare issues relating to FSS Presorted mail, the Postal Service has not provided any workshare information for BPM Flats. The Postal Service has maintained for nearly a decade that it is unable to do so because

[t]he BPM cost model does not estimate cost differences between single piece and presorted BPM. Single piece BPM is a residual category with low volume and adequate data are not available. Previously, rate differences between single piece and presorted BPM were based on an assumption that unit mail processing costs for single piece BPM were twice that of presorted BPM.

See Docket No R2006-1, USPS-T-38 at 8.³³

The Commission encourages the Postal Service to revisit its conclusion that it cannot provide a detailed cost avoidance model for BPM Flats in light of the evolution of Management Operating Data System End of Run (MODS EOR) data, Full Service IMb barcodes, and improved scanning technology, all of which have provided the Postal Service with increasing insights into the workings of its mail processing network. Thus, the Commission is hopeful that it will now be possible to develop cost avoidances for BPM Flats workshare discounts.

The Commission concludes that additional information is necessary to assess an appropriate methodology for determining the cost avoided for the new Presorted FSS workshare discounts. To establish an accepted analytical principle for calculating these

³³ Response to Order No. 2398, Excel file “Attachment B-Remand2.xls,” tab “Bound Printed Matter Flats,” n.3.

avoided costs, the Commission directs the Postal Service to develop a costing methodology for the avoided costs associated with the Presorted FSS workshare discounts. The proposed methodology must take into account the Commission's concerns described above. The Postal Service should file the proposed methodology in a rulemaking proceeding in accordance with 39 C.F.R. § 3050.11(a) within 90 days of the date of this Order.

IV. STANDARD MAIL

A. Introduction

This section discusses the proposed Standard Mail price adjustments, the workshare relationships between Standard Mail discounts and associated avoided costs, and the proposed mail classification changes.³⁴

B. Price Adjustments

The Standard Mail class consists of seven products: (1) Letters; (2) Flats; (3) Parcels; (4) High Density and Saturation Letters; (5) High Density and Saturation Flats and Parcels; (6) Carrier Route; and (7) Every Door Direct Mail–Retail. The planned price increase for Standard Mail is, on average, 1.926 percent, which generates 0.040 percent in new unused rate adjustment authority.³⁵ Table IV-1 shows the percentage price changes for Standard Mail individual products as calculated by the Commission.

³⁴ Proposed FSS prices and workshare discounts are also discussed in section III of this Order.

³⁵ The 1.926 percent increase for Standard Mail differs from what the Postal Service calculated in its Response to Order No. 2398. In Library Reference PRC-LR-R2015-4/9, the Commission corrects a few minor errors in the Postal Service's workpapers that account for that difference.

Table IV-1
Standard Mail Price Changes (By Product)³⁶

Product	Price Changes %
Letters	1.741
Flats	2.549
Parcels	9.295
High Density/Saturation Letters	1.979
High Density/Saturation Flats and Parcels	1.796
Carrier Route Letters, Flats and Parcels	1.685
Every Door Direct Mail–Retail	4.762
Overall	1.926
Source: Library Reference PRC-LR-R2015-4/9.	

Commission analysis. The Commission finds the Postal Service’s planned price adjustments for Standard Mail comply with the price cap limitations specified in 39 U.S.C. § 3622(d). The Postal Service’s planned price adjustment of 1.926 percent is 0.040 percent less than the current rate adjustment authority of 1.966 percent. As the Postal Service had no unused price adjustment authority prior to this proceeding, the unused price adjustment authority for Standard Mail is 0.040 percent. See Library Reference PRC-LR-R2015-4/9.

Price adjustments for Standard Mail products range from 1.685 percent to 9.295 percent. Flats and Parcels products did not generate sufficient revenues in FY 2014 to cover attributable costs. The Postal Service has proposed that both products receive above-average price increases in this docket. The Postal Service asserts that the above-average price increase for the Flats product has been proposed to comply with the Commission’s FY 2010 ACD Directive (Directive) requiring the Postal

³⁶ The percentage price changes in Table IV-1 are calculated by comparing the base prices from Docket No. R2013-10 to the prices resulting from this proceeding, prior to the application of the exigent surcharge.

Service to “increase the cost coverage of the Standard Mail Flats product through a combination of above-average price adjustments, consistent with the price cap requirements, and cost reductions until such time that the revenues for this product exceed attributable costs.”³⁷ The proposed price increase for Flats is CPI-U x 1.297 which exceeds the Postal Service’s planned Flats price increase schedule presented in the FY 2014 ACR of CPI-U x 1.05.³⁸

Comments. Valpak asserts that the Postal Service’s planned price adjustment for Standard Flats may not increase the product’s cost coverage because cost increases in the coming year may be greater than the planned price increase. Valpak Comments at 4-5. It states that such a minimal price increase “perpetuate[s] unfair and inequitable rates in violation of 39 U.S.C. § 101(d)” and urges the Commission to coordinate findings with the FY 2014 ACD to increase prices for Standard Flats and maintain or reduce prices for HD/Saturation letters. *Id.* at 10-11.

Commission analysis. Valpak submitted similar comments in Docket No. ACR2014.³⁹ There, the Commission found that the Postal Service’s strategy for increasing Flats prices was in compliance with its Directive because progress was being made towards increasing overall cost coverage for Flats.⁴⁰ The Commission directed the Postal Service to continue its schedule of above-average price increases and “take further action concerning its cost reduction initiatives for flat-shaped mail” by applying its recommendations pertaining to reducing Periodicals’ costs to Standard Mail Flats. *Id.*

³⁷ Docket No. ACR2010, Annual Compliance Determination, March 29, 2011, at 106 (FY 2010 ACD); see also Docket No. ACR2010, Order No. 1427, Order on Remand, August 9, 2012, at 10-14.

³⁸ Docket No. ACR2014, United States Postal Service FY 2014 Annual Compliance Report, December 29, 2014, at 20. In its FY 2014 ACR, the Postal Service stated it planned to increase Standard Mail Flats prices, on average, by CPI x 1.05 in 2015 and 2016. *Id.*

³⁹ Docket No. ACR2014, Valpak Direct Marketing Systems, Inc. and Valpak Dealers’ Association, Inc. Initial Comments on the United States Postal Service FY2014 Annual Compliance Report, February 2, 2015, at III-1-III-16.

⁴⁰ Docket No. ACR2014, Annual Compliance Determination, March 27, 2015, at 47 (FY 2014 ACD).

at 48. Consistent with the FY 2014 ACD, the Commission finds that the Postal Service's proposed price increase for Standard Mail Flats is not unlawful. Combined with cost reduction initiatives, the proposed price increase is likely to increase cost coverage for Standard Mail Flats.

C. Workshare Discounts

The Commission is required to ensure that workshare "discounts do not exceed the cost that the Postal Service avoids as a result of workshare activity" unless the discount falls within a specified exception. 39 U.S.C. § 3622(e)(2).

Commission rules require the Postal Service to justify any proposed workshare discount that exceeds 100 percent of the avoidable costs by explaining how it meets one or more exceptions under the PAEA. 39 C.F.R. § 3010.12(b)(6). The Postal Service must also identify and explain discounts that are set substantially below avoided costs, and explain any relationship between discounts that are above and those that are below avoided costs. *Id.*

There are several planned rate discounts within the Standard Mail class that have passthroughs exceeding 100 percent. See Library Reference PRC-LR-R2015-4/9, Compliance Calculations for Standard Mail, Excel file "Standard Mail Workshare - R2015-4.xlsx." These discounts are listed in Table IV-2 below.⁴¹

⁴¹ Table IV-2 does not list the new FSS workshare discounts with passthroughs that exceed 100 percent. Those discounts are discussed in section III of this Order.

Table IV-2
Standard Mail Passthroughs Exceeding 100 Percent

	Discount (Commercial and Nonprofit)	Passthrough %
1	Automation AADC Letters	106.3
2	Non-automation AADC machinable Letters	106.3
3	Non-automation 5-digit Non-machinable Letters	136.9
4	Automation Mixed AADC Letters	1600.0
5	DNDC Letters	218.8
6	DSCF Letters	231.6
7	Automation 3-digit Flats	131.0
8	Automation 5-digit Flats	107.1
9	Non-automation 3-digit Flats	110.6
10	Non-automation 5-digit Flats	135.3
11	Automation Mixed ADC Flats	195.2
12	NDC Irregular Parcels	144.0
13	NDC Marketing Parcels	127.7
14	Mixed NDC Machinable Barcoded Parcels	164.9
15	Mixed NDC Irregular Barcoded Parcels	164.9
16	Mixed NDC Marketing Barcoded Parcels	164.9
17	DNDC Carrier Route Letters	200.0
18	DSCF Carrier Route Letters	226.3
19	DNDC High Density and Saturation Letters	200.0
20	DSCF High Density and Saturation Letters	226.3

The Postal Service's stated statutory justifications for these proposed passthroughs are discussed below.

Automation AADC Letters, Non-automation AADC machinable Letters, Non-automation 5-digit Non-machinable Letters. The Postal Service justifies the

passthroughs for these presort discounts pursuant to 39 U.S.C. § 3622(e)(2)(B) (rate shock). Notice at 45-47; Response to Order No. 2398 at 5. The Postal Service explains that aligning these discounts with avoided costs would result in significant price increases. Notice at 46-47.

Automation Mixed AADC Letters. The Postal Service justifies the passthroughs for these barcode discounts pursuant to 39 U.S.C. § 3622(e)(2)(D) (operational efficiency). The Postal Service states that due to the volatility of the cost avoidance numbers (which were negative until FY 2013), and the Postal Service's desire to continue encouraging mailers to pre-barcode commercial letters, it will gradually move these discounts' passthroughs toward 100 percent in future price adjustments. Notice at 47.

DNDC Letters, DSCF Letters, DNDC Carrier Route Letters, DSCF Carrier Route Letters, DNDC High Density and Saturation Letters, and DSCF High Density and Saturation Letters. The Postal Service justifies the passthroughs for these dropship discounts pursuant to 39 U.S.C. § 3622(e)(2)(B) (rate shock). Response to CHIR No. 5, question 8; Response to Order No. 2398 at 5. In past proceedings, these dropship discounts were less than avoided costs. The Postal Service explains that its proposal to eliminate pound prices for automated letters weighing more than 3.3 ounces and up to 3.5 ounces changes the dropship discounts from a per-pound discount to a per-piece discount for all letter categories. *Id.* The Postal Service asserts that lowering the passthroughs to 100 percent would result in price increases that would constitute rate shock. *Id.*

Automation 3-digit Flats, Automation 5-digit Flats, Non-automation 3-digit Flats, and Non-automation 5-digit Flats. The Postal Service justifies the passthroughs for these presort discounts pursuant to 39 U.S.C. § 3622(e)(2)(D) (operational efficiency). Notice at 48-49; Response to Order No. 2398 at 5. The Postal Service states that lowering these passthroughs to 100 percent would result in higher prices for the new FSS cells, which would reduce the incentive for Flats mailers to prepare their mail for

FSS processing. *Id.* The Postal Service further states that it will move these passthroughs towards 100 percent in future price adjustments. *Id.*

Automation Mixed ADC Flats. The Postal Service justifies the passthroughs for these barcode discounts pursuant to 39 U.S.C. § 3622(e)(2)(B) (rate shock). Notice at 49; Response to Order No. 2398 at 5. The Postal Service explains that aligning these discounts with avoided costs would result in significant price increases for mailers. Notice at 49. The Postal Service states that it will continue to work towards aligning these discounts with avoided costs in future price adjustments. *Id.*

NDC Irregular Parcels, NDC Marketing Parcels, Mixed NDC Machinable Barcoded Parcels, Mixed NDC Irregular Barcoded Parcels, and Mixed NDC Marketing Barcoded Parcels. The Postal Service justifies the passthroughs for these presort and barcode discounts pursuant to 39 U.S.C. § 3622(e)(2)(B) (rate shock). Notice at 50; Response to Order No. 2398 at 5. The Postal Service explains that in an effort to improve cost coverage for Standard Mail Parcels, it increased prices approximately 10 percent across the board. Notice at 50. It further explains that lowering the passthroughs to 100 percent for these five discounts would result in price increases well above 10 percent, which it believes would be excessive. *Id.* The Postal Service states that it will be mindful to move these passthroughs towards 100 percent in future price adjustments. *Id.*

Comments. ANM, the Public Representative, and Pitney Bowes filed comments regarding the proposed Standard Mail workshare discounts.

ANM asserts that the Postal Service has violated 39 U.S.C. § 403(c)'s prohibition against "any undue or unreasonable discrimination among users of the mails" by providing nonprofit mailers with smaller discounts than their commercial mail counterparts. ANM Comments at 5.

The Public Representative states that the Commission should not approve prices where passthroughs deviate significantly from 100 percent, unless adequately justified. PR Comments at 3.

Pitney Bowes argues that setting the Standard Mail Automation 5-digit Letters discount below avoided costs is inconsistent with the objectives and factors of the Postal Accountability and Enhancement Act (PAEA). Pitney Bowes Comments at 3-4. Pitney Bowes recommends that the Postal Service revisit the presort rate design in the next rate adjustment. *Id.*

Commission analysis. The Commission approves all proposed workshare discounts as consistent with 39 U.S.C. § 3622(e) or adequately justified pursuant to an exception identified in 39 U.S.C. § 3622(e)(2). The Commission recommends that the Postal Service reduce passthroughs that are greater than 100 percent in its next general market dominant price adjustment.

ANM and the Public Representative's comments on the proposed Standard Mail workshare discounts were addressed in Order No. 2378 at 7-14 and resolved in the Postal Service's Responses to Order Nos. 2378 and 2398. *See supra* section II.

As for Pitney Bowes' comments on Standard Mail's Automation 5-digit Flats workshare discounts, the Commission concludes that the Standard Mail planned price adjustments are consistent with the workshare requirements of title 39, which impose a ceiling but not a floor on passthroughs. *See* 39 U.S.C. § 3622(e)(2). Despite the fact that even workshare discounts that fall below avoided costs provide a minimal incentive for efficient mailings, the Commission notes that in general, passthroughs equal to 100 percent send the most efficient price signals to mailers and therefore encourages the Postal Service to adjust discounts to bring these passthroughs closer to 100 percent.

D. Classification Changes

The Postal Service proposes four mail classification changes for Standard Mail products. First, it introduces a separate price structure for FSS that provides the lowest combined prices for FSS pieces in scheme bundles on scheme containers. Notice at 14. Second, it seeks approval for three promotions: (1) Advanced and Emerging Technology; (2) Earned Value Reply Mail; and (3) Mail Drives Mobile Engagement. *Id.* at 7. Third, it proposes eliminating pound pricing for automated letters weighing more than 3.3 ounces and up to 3.5 ounces. *Id.* at 24. Finally, it seeks to create a new price category for Carrier Route flats entered at non-FSS locations. *Id.* at 26. There are no other significant changes to the MCS with respect to Standard Mail products.⁴²

1. Calendar Year 2015 Promotions

The Earned Value Reply Mail promotion will run from May 1, 2015, to July 31, 2015. Mailers who register their mailer identification information and use eligible Intelligent Mail barcodes (IMbs) on the reply pieces will receive a postage credit for every mailpiece returned to the mailer during the promotion period. At the end of the promotion, the reply pieces will be totaled and earned credit applied to customer accounts for future mailings.⁴³ Notice, Attachment D at 2. The Postal Service clarified that postal credits accrued during the promotion period cannot be redeemed for Standard Mail postage until August 1, 2015. It asserts that the promotion does not affect the price cap calculation. Response to CHIR No. 17, question 2.

⁴² The Postal Service proposes to remove the Repositionable Notes optional feature from Standard Mail letters and flats. Repositionable Notes are currently free-of-charge. The Commission recently approved the removal of Repositionable Notes from First-Class Mail letters and flats. See Order No. 2365 at 10, n.24. The Commission accepts the proposed MCS revision pertaining to Repositionable Notes. The Postal Service also proposes to remove Restricted Delivery. This change was analyzed in a previous order by the Commission discussing the proposals relating to the Special Services class. See Order No. 2388 at 11-12.

⁴³ Postage credit can be applied to future mailings of First-Class Mail Presort and Automation cards, letters and flats, and Standard Mail letters and flats. See Earned Value Promotion Frequently Asked Questions, available at: https://ribbs.usps.gov/maillingpromotions/documents/tech_guides/2015EarnedValueFAQs.pdf.

The Advanced and Emerging Technology promotion aims to continue encouraging mailers to integrate direct mail with mobile technology or new advances in print. Notice at 7. To be eligible, the mailpiece must incorporate advanced print technology such as innovations in paper and ink, the use of standard Near Field Communication (NFC) technology or an “advanced” or “enhanced” augmented reality experience (such as 3D animation and gamification), allowing the recipient to engage in an interactive experience. *Id.* Other advanced technologies with similar functionalities may be considered for the promotion on a case-by-case basis. This promotion will be in effect from June 1, 2015, to November 30, 2015. Response to Order 2398, Attachment A at 21.

The Mail Drives Mobile Engagement promotion will build on previous promotions that have increased the interest in and use of mobile technologies in direct mail. Notice at 8. The Postal Service will offer a 2 percent discount on mailpieces that include mobile print technology and direct recipients to a mobile shopping experience. *Id.* Attachment D at 5. This promotion will be in effect from July 1, 2015, to December 31, 2015. Response to Order 2398, Attachment A at 21.

Comments. No commenter submitted comments concerning the Standard Mail promotions.

Commission analysis. The Commission finds the Postal Service’s proposed promotions permissible and consistent with applicable regulatory requirements. The Commission concludes that the Postal Service’s inclusion of the above-referenced promotions in the price cap calculation for Standard Mail is consistent with 39 C.F.R. § 3010.23(e)(2).

The Commission previously approved the 2015 Earned Value Reply promotion for First-Class Mail and recently issued an additional order concerning the revised implementation dates for First-Class Mail rates. See Order No. 2365 at 9-11; Order No. 2461 at 3-5. While the Earned Value Reply Mail promotion started for First-Class

mailers on May 1, 2015, as the Postal Service explains in Response to CHIR No. 17, question 2, the postage credits cannot be redeemed to pay postage for Standard Mail mailings until the Standard Mail rates and classification changes are approved by the Commission. In this Order, the Commission approves the rates and classification changes for Standard Mail. Thus, the Commission approves the postage credits generated from this promotion to be applied to Standard Mail mailings.

2. Elimination of Pound Pricing for Letters and the Creation of New Price Category for Carrier Route Flats

Elimination of pound pricing for letters. Currently, Standard Mail letter categories have two pricing structures, piece-rated prices for pieces weighing less than 3.3 ounces and pound-rated prices for automated pieces weighing more than 3.3 ounces and not exceeding 3.5 ounces. In this proceeding, the Postal Service proposes to eliminate the pound-rated price structure. Notice at 26. This proposal applies to the following Standard Mail products: High Density and Saturation Letters, Carrier Route (letters only), and Letters. The Postal Service also proposes to increase the maximum weight for the piece-rated price structure from 3.3 ounces to 3.5 ounces, thereby allowing the maximum weight for Standard Mail letters to continue to be 3.5 ounces. Notice at 53.

New price category for Carrier Route flats. The Postal Service proposes to add a new 5-digit pallet price category for Carrier Route flats. Notice at 15-16, 26, and 53. The Postal Service states that most Carrier Route bundles for Standard Mail are entered at postal facilities on 3-digit pallets. Notice at 15. Thus, this new price category is designed to encourage efficiency by providing lower prices for Carrier Route flats on 5-digit pallets than for Carrier Route flats in other containers.

The new 5-digit pallet category for Carrier Route flats creates one presort discount and three dropship discounts. The Postal Service identifies the workshare discounts and their corresponding avoided costs estimates created by the new 5-digit pallet price category. February 11 Response to CHIR No. 6, questions 14-15. The

Postal Service notes that it uses a proxy for the cost avoided by preparing Carrier Route flats on 5-digit pallets compared to other containers. February 11 Response to CHIR No. 6, question 14(d). The Postal Service states that an exact estimate should be available by the time it completes its FY 2015 ACR or FY 2016 ACR. *Id.*

Comments. No commenter commented on the elimination of the pound pricing structure for Standard Mail letter mail or the new 5-digit pallet price category for Carrier Route flats.

Commission analysis. The Commission approves the elimination of pound pricing for Standard Mail letters and the addition of the new 5-digit pallet price category for Carrier Route flats.

The new workshare discounts created by the 5-digit pallet price category for Carrier Route flats must be reviewed for compliance with 39 U.S.C. § 3622(e) and the Commission's regulations. As shown in Library Reference PRC-LR-R2015-4/9, Excel file "Standard Mail Workshare - R2015-4.xlsx," the planned discounts are less than the estimated avoided costs, and thus, are consistent with 39 U.S.C. § 3622(e)(2). However, as the Postal Service acknowledges in its February 11 Response to CHIR No. 6, question 14(d), it used proxies for the avoided costs for the new 5-digit pallet presort price category. Therefore, similar to the Commission's directives for the new FSS workshare discounts, the Commission directs the Postal Service to develop a cost avoidance methodology for the new 5-digit pallet presort price category for Carrier Route flats.⁴⁴ The Postal Service should file the proposed methodology in a rulemaking proceeding in accordance with 39 C.F.R. § 3050.11(a) within 90 days of the date of this Order. *Id.*

⁴⁴ See *supra* section III.E.2, where the Commission discusses the need for a rulemaking proceeding to examine and adopt an accepted analytical principle for estimating workshare cost avoidances for FSS presorted mail, and directs the Postal Service to develop a costing methodology and present it in a rulemaking petition within 90 days of the date of this Order.

E. Statutory Preferential Rates

Nonprofit rates are required to yield per-piece revenues that equal, as nearly as practicable, 60 percent of commercial per-piece revenues. 39 U.S.C. § 3626(a)(6)(A). For the planned rates in this proceeding, the percentage ratio of the nonprofit average revenue per-piece to the commercial average revenue per-piece is 60.2 percent.

Comments. ANM alleges that the requirement that nonprofit revenues yield “as nearly as practicable” 60 percent of commercial revenues implies that the Postal Service must justify any percentage ratio exceeding 60 percent with a showing that achieving a percentage ratio closer to the 60 percent benchmark is impracticable. ANM Comments at 4. Because the Postal Service has not made such a showing in this docket, ANM urges the Commission adjust the revenue per-piece percentage ratio before approving any increases in nonprofit Standard Mail rates. *Id.*

Commission Analysis. The Commission does not read any affirmative requirement for the Postal Service to justify *de minimis* divergence from the 60 percent ratio into the language of 39 U.S.C. § 3626(a)(6)(A). ANM’s reliance on case law concerning Congressional districting is misplaced as the cited cases are not applicable to statutory preferential rates.

Table IV-3 displays historical nonprofit to commercial revenue per-piece percentage ratios approved by the Commission in previous rate cases as well as the percentage ratio proposed in the instant docket.

Table IV-3
Percentage Ratio of Nonprofit Average Revenue Per-Piece to Commercial
Average Revenue Per-Piece

<u>Docket No.</u>	<u>Ratio</u> (%)
R2008-1	60.0
R2009-2	60.2
R2011-2	60.0
R2012-3	59.8
R2013-1	60.0
R2013-10	60.1
R2013-11	60.1
R2015-4	60.2

The percentage ratio from the planned rates in the instant docket is within the range of historical percentage ratios approved by the Commission. Further, in its Response to Order No. 2398, the Postal Service brought the percentage ratio closer to 60 percent compared to the percentage ratio of 60.4 percent proposed in the Notice. Notice at 40. In lieu of requiring a formal justification when the percentage ratio is several tenths of a percent above or below 60 percent, the Commission recognizes and accepts a good faith effort by the Postal Service to set the rates as nearly to 60 percent as practicable, given the other pricing relationships the Postal Service must maintain and in recognition of the complexity of rate design. The Commission finds the revenue per-piece percentage ratio proposed by the Postal Service in this docket fulfills the requirement of 39 U.S.C. § 3626(a)(6)(A).

F. Nonprofit Discounts

The Postal Service is required by 39 U.S.C. § 3622(e)(2) and *National Easter Seal Society vs. USPS*, 656 F.2d 754 (D.C. Cir. 1981) (*National Easter Seal Society*) to either equalize or adequately justify all unequal nonprofit and commercial discounts. After several revisions to its proposed rates (discussed in more detail in section II, *supra*), the Postal Service has rectified the unequal commercial and nonprofit discounts and has taken the extra step of equalizing others. Response to Order No. 2398 at 4-5. No commenter challenges the Postal Service's compliance with this requirement. The Commission finds that the Postal Service's planned nonprofit discounts conform with the requirements set forth by 39 U.S.C. § 3622(e)(2) and *National Easter Seal Society*.

G. Other (FSS and Forward-and-Return)

Two other issues related to Standard Mail were raised in the instant docket: FSS-related billing determinant adjustments and revised Forward-and-Return service fees.

Comments on FSS-related billing determinant adjustments. The Commission received comments from Valpak pertaining to the Postal Service's proposed FSS-related billing determinant adjustments. Valpak states that the Postal Service does not identify or explain the adjustments it made to Standard Mail Flats to account for its proposal to require Carrier Route flats destined to FSS-zones to be entered as Standard Mail Flats.⁴⁵ Valpak Comments at 18-19. Valpak is concerned that shifting Carrier Route flats volumes to Standard Mail Flats will give the appearance of improved Standard Mail Flats cost coverage. *Id.* at 20-21.

⁴⁵ The Postal Service clarifies in its January 30, 2015 Response to CHIR No. 1, question 2 that the FSS preparation requirement is optional for High Density and Saturation flats, and thus, these flats do not have to be entered as Standard Mail Flats. The Postal Service also clarifies that its workpapers do not include billing determinant adjustments for High Density and Saturation flats. Response to CHIR No. 5, question 3.

Commission analysis. The Commission finds the FSS-related changes to the billing determinants for Standard Mail, as revised in the Response to Order No. 2378, comply with 39 C.F.R. § 3010.23(d). The Postal Service uses historical volume data to determine the volume of flats entered in FSS zones, including Carrier Route flats, that will now be required to pay the new FSS Flats prices. The Commission finds that the Postal Service's accurate use of appropriate historical volume data as a basis for adjusting the billing determinants and the Postal Service's provision of the information and calculations relied upon to make the adjustments are sufficient to demonstrate that the proposed adjustment complies with 39 C.F.R. § 3010.23(d). While the Commission understands Valpak's concerns with the Postal Service's classification change and related billing determinant adjustments, as discussed in section II, the Commission finds that the proposed FSS price structure for Standard Mail Flats is consistent with title 39.

Forwarding-and-Return Service fees. The Postal Service proposes to change Forwarding-and-Return Service fees from \$0.43 to \$0.435 for letters, and from \$1.35 to \$1.355 for flats.⁴⁶ Response to Order No. 2398 at 7.

No commenter submitted comments on the revised fees. The Commission finds that the revisions to Forwarding-and-Return Service fees conform with applicable statutory and regulatory requirements.

⁴⁶ The Commission notes that in its Response to Order 2398 at 7, the Postal Service incorrectly stated that it was changing its planned fees for flats from \$1.39 to \$1.395 so that the final fee with the exigent surcharge would be \$1.40. As shown in its Notice, Part I, the original proposed fee for flats was \$1.35. The Commission approves the prices as listed in the Response to Order No. 2398, Attachment A, Part I and Part II, which shows fees of \$1.355 and \$1.40, respectively.

V. PERIODICALS

A. Introduction

This section discusses proposed Periodicals price adjustments, workshare relationships between Periodicals discounts and associated avoided costs, and proposed mail classification changes.⁴⁷

B. Price Adjustments

The Periodicals class, which includes publications such as magazines and newspapers, consists of two products: Within County⁴⁸ and Outside County. Notice at 26. Due to the correction of errors and revisions to pricing policies during the course of this case, the Postal Service revised its planned percentage increases for the Periodicals class as a whole and for the two constituent Periodicals products. See Response to Order No. 2398 at 8-9; Library Reference USPS-LR-R2015-4/11. The planned percentage increase for the Periodicals class as a whole is 1.966 percent, the maximum allowable price adjustment authority. Response to Order No. 2398 at 9. Because the Postal Service uses all of its price adjustment authority, no new unused price authority is created as a result of this proceeding.

Table V-1 shows the percentage price changes for the two Periodicals products.

⁴⁷ Proposed FSS prices and workshare discounts are also discussed in section III of this Order.

⁴⁸ This product is called In-County Periodicals in the MCS.

Table V-1
Periodicals Price Changes (By Product)⁴⁹

Product	Price Changes %
Outside County	1.967
Within County	1.952
Overall	1.966
Source: Library Reference PRC-LR-R2015-4/10 (Compliance Calculations for Periodicals), Excel file "R2105-4PeriodicalsCC."	

Comments. DMA observes that the planned Periodicals rate adjustment (in the Notice) imposes "significantly great increases upon light weight, high editorial content publications." DMA Comments at 1. However, DMA asserts that it is the publications with little, if any, advertising that require the greatest protection and consideration under Factors 8 and 11 of 39 U.S.C. § 3622(c). *Id.* DMA contends that Periodicals with no or low advertising content cannot cover increased postage costs through advertising, and have only three options: increasing subscription prices, reducing editorial content, or ceasing publication. *Id.* DMA questions whether the Postal Service has truly considered the educational, cultural, scientific, and informational (ECSI) value to recipients of Periodicals and asks that the Commission require the Postal Service "to protect editorial content of Periodical mail as directed by statute and reduce the above average increased postage burden on editorial content." *Id.*

Commission analysis. The Commission finds the Postal Service's planned price adjustments for Periodicals comply with the price cap limitations specified in 39 U.S.C. § 3622(d). The Postal Service's planned price adjustment of 1.966 percent equals the

⁴⁹ The percentage price changes in Table V-1 are calculated by comparing the base prices from Docket No. R2013-10 to the prices resulting from this proceeding, prior to the application of the exigent surcharge.

maximum current rate adjustment authority of 1.966 percent. Thus, as a result of this proceeding, the Postal Service generates no unused price adjustment authority for Periodicals. See Library Reference PRC-LR-R2015-4/10.

In response to DMA's comments, the Commission finds that the Postal Service's planned prices reflect consideration of the ECSI value to the recipients of Periodicals, as required by 39 U.S.C. § 3622(c)(11). Subject to certain limitations, most prominently the price cap, the PAEA gives the Postal Service pricing flexibility to distribute inflation based increases within the Periodicals class. In addition, the Postal Service's revised filing in Response to Order No. 2398 addresses, in part, DMA's concern by increasing the editorial discount by 0.2 cents per-piece. Response to Order No. 2398 at 9.

C. Workshare Discounts

39 U.S.C. § 3622(e) requires the Commission to ensure that workshare discounts do not exceed avoided costs, subject to certain exceptions. One exception applies when the discount is provided in connection with subclasses of mail consisting exclusively of ECSI value. 39 U.S.C. § 3622(e)(2)(C). The Commission's regulations require the Postal Service to provide a separate justification for all proposed workshare discounts that exceed avoided costs. Each explanation must reference applicable reasons set forth in 39 U.S.C. § 3622(e)(2) or (3). 39 C.F.R. § 3010.12(b)(6). The Postal Service must also identify and explain discounts that are set substantially below avoided costs, and explain any relationship between discounts that are above and those that are below avoided costs. *Id.*

Fourteen planned Periodicals workshare discounts have passthroughs that exceed 100 percent. These discounts are listed in Table V-2 below.

Table V-2
Periodicals Worksharing Discounts
With Passthroughs Exceeding 100 Percent

	Discount	Passthrough %
Outside County		
1	Machinable Non-barcoded 5-digit Flats	139.3%
2	High Density Flats	136.0%
3	Machinable Barcoded 5-digit Flats	120.0%
4	Non-machinable Non-barcoded 3-digit/SCF Flats	383.9%
5	Non-machinable Non-barcoded 5-digit Flats	146.1%
6	Non-machinable Barcoded ADC Flats	114.3%
7	Non-machinable Barcoded 3-digit/SCF Flats	235.7%
8	Non-machinable Barcoded 5-digit Flats	171.0%
9	ADC Barcoded Letter	176.2%
10	3-digit Barcoded Letter	500.0%
11	5-digit Barcoded Letter	340.0%
12	Barcoded FSS Flats	295.7%
13	Non-barcoded FSS Flats	230.8%
Within County		
14	3-digit Barcoded Letter	111.0%

Source: Library Reference PRC-LR-R2015-4/10 (Compliance Calculations for Periodicals), Excel file "R2105-4PeriodicalsWS.xls."

Postal Service's justification. The Postal Service acknowledges that some of the Periodicals passthroughs exceed 100 percent, but notes that many apply to low volume categories, such as Barcoded letters. Notice at 51. It also states that it is "mindful of price swings which would result from changing these passthroughs." *Id.* The Postal Service states that all Periodicals passthroughs over 100 percent are justified under section 3622(e)(2)(C), the ECSI exception. *Id.*

The Postal Service notes that it has adjusted the discount for Non-machinable Barcoded Mixed ADC based on the Commission's suggestion in the FY 2013 Annual Compliance Determination. *Id.*

Comments. Noting that it has long supported full cost recognition, MPA identifies two aspects of the Postal Service's price adjustment that it considers significant departures from the policy of lowest combined costs, and asserts that both are likely to impair the achievement of that policy for mailers and the Postal Service. MPA Comments at 1. First, MPA observes that in past rate cases, the Postal Service has limited Carrier Route Basic discounts to a fraction of the avoided costs on grounds that this type of preparation had little value in FSS zones. *Id.* at 2. It adds that it "has repeatedly questioned this reasoning because only a quarter of flats mail volume is processed on FSS equipment." *Id.* It claims that recent developments "have stripped the Postal Service's previously weak explanation of any validity" because Carrier Route Basic preparation and prices are now allowed and offered only in non-FSS zones. *Id.* It asserts that Carrier Route Basic preparation "clearly has substantial value to the Postal Service in non-FSS zones." *Id.* However, MPA states that the Postal Service nevertheless has set the Carrier Route Basic passthrough equal to 61.6 percent of avoided costs, and contends this is so low that it will discourage mailers from co-mailing. *Id.*

Second, MPA contends that the Postal Service's estimates of its pallet handling costs "are overstated because the pallet-handling productivities on which they are based are substantially understated." *Id.* at 3. MPA contends that the pallet handling costs on which the Postal Service bases its planned Outside County pallet prices should be based on the higher productivities set forth in the 2014 Field Study and approved by the Commission in Order No. 2315, and not older productivity estimates contained in the Periodicals cost model. *Id.* MPA states that overstated pallet charges "encourage mailers to make up pallets that are less finely presorted." *Id.* at 4.

Commission analysis. The Commission finds that the Periodicals workshare discounts that exceed 100 percent are allowable under 39 U.S.C. § 3622(e)(2)(C) because the Periodicals class consists exclusively of mail matter with ECSI value. With respect to MPA's concern about the pallet handling productivities, the Commission notes that costing methodologies are generally not considered during 45-day market dominant price adjustment dockets. In Docket No. RM2015-3, the Commission approved a change in methodology for pallet handling productivities for Standard Mail Parcels cost models.⁵⁰ MPA and other postal stakeholders are allowed to petition for changes in the Commission's accepted analytical principles, including costing methodologies, pursuant to Commission regulations. See 39 C.F.R. § 3050.11.

With respect to MPA's concern regarding the 61.6 percent passthrough for Carrier Route presortation, the Commission has consistently encouraged the Postal Service to improve the pricing efficiency of Carrier Route presorted mail.⁵¹ In the FY 2014 Annual Compliance Determination, the Commission determined that, as part of its FY 2015 Annual Compliance Report, the Postal Service shall provide "a detailed analysis of the cost and contribution impact of the worksharing incentives offered for 5-Digit and Carrier Route presortation." FY 2014 ACD at 16.

D. Classification Changes

Postal Service's proposal. In conjunction with the planned price adjustments for Periodicals, the Postal Service proposes the following classification changes:⁵²

⁵⁰ Docket No. RM2015-3, Order No. 2315, Order on Analytical Principles Used in Periodic Reporting (Proposal Ten), January 6, 2015.

⁵¹ See FY 2012 ACD at 89; FY 2013 ACD at 21-23; and FY 2014 ACD at 15-17.

⁵² The Postal Service proposes to remove the Repositionable Notes optional feature from Periodicals letters and flats. Repositionable Notes are currently free-of-charge. The Commission recently approved the removal of Repositionable Notes from First-Class Mail letters and flats. See Order No. 2365 at 10, n.24. The Commission accepts the proposed MCS revisions pertaining to Repositionable Notes.

- delete some price cells and add new price cells and MCS language to reflect the new FSS piece, bundle, pallet, and sack and tray container prices for Outside County Periodicals destinating in FSS zones
- add new price cells and MCS language for Carrier Route bundles and containers (pallets, trays, or sacks) destinating in non-FSS zones

Response to Order No. 2398, Attachment A, Part I at 64-66.

The addition of the FSS prices is described in section III. The new Carrier Route bundles and containers provide mailers the option to enter Carrier Route presorted bundles and pallets in non-FSS zones. The Periodicals mail processing cost model does not currently contain cost estimates for the new entry options. The Postal Service uses proxies to measure price/cost percentage ratios for the new Carrier Route offerings. For the Carrier Route bundles entered in Carrier Route containers, the cost of Carrier Route bundles entered in 5-digit containers is used as a proxy.⁵³ For the Carrier Route pallets, the cost of 5-digit pallets at each entry point is used as a proxy.⁵⁴

Comments. No comments addressing the appropriateness of the Periodicals classification changes were received.

Commission analysis. The Commission approves the Postal Service's proposed classification changes for FSS and Carrier Route presorted Periodicals. The changes reflect the FSS and Carrier Route pricing proposed by the Postal Service and approved in this Order. See *supra* section III. As discussed in section III, the Commission must review the new workshare discounts created by the new FSS price categories for compliance with 39 U.S.C. § 3622(e) and the Commission's regulations. For the purposes of this proceeding, the Commission uses the Carrier Route proxies proposed by the Postal Service to measure the price/cost percentage ratios in Library Reference

⁵³ See Postal Service Response to Order No. 2398, "Excel file AttachmentB-Remand2.xlsx," tab "Per.Bundle-Container Pricing" cells D31:D35.

⁵⁴ See Postal Service Response to Order No. 2398, "Excel file AttachmentB-Remand2.xlsx," tab "Per.Bundle-Container Pricing," cells J40:J53.

PRC-LR-R2015-4/10, Excel file "R2105-4PeriodicalsWS.xls." Operationally, the costs of the new offering may not differ significantly from the historical offerings used as proxies. However, similar to the Commission's directives with the new FSS workshare discounts, the Commission directs the Postal Service to further develop its costing methodology for the new Carrier Route price options. While the proxies used by the Postal Service appear to be a reasonable starting point for analyzing the price/cost percentage ratios, opportunities may exist to improve the accuracy of the bottom-up costs. Specifically, the Postal Service does not currently estimate the costs specific to Carrier Route bundles and pallets in its Periodicals cost model. Thus, the Commission directs the Postal Service to file a proposed methodology for the new Carrier Route price options in a rulemaking proceeding in accordance with 39 C.F.R. § 3050.11(a) within 90 days of the date of this Order.

E. Statutory Preferential Rates

The Periodicals class is accorded several statutory pricing preferences. See 39 U.S.C. § 3626. In this docket, the Postal Service states that it implements these requirements in the same manner as it did in Docket No. R2013-1, and notes that the Commission approved the Docket No. R2013-1 approach.⁵⁵ Notice at 39.

Within County. 39 U.S.C. § 3626(a)(3) requires that the prices for Within County Periodicals reflect this product's preferred status relative to the prices for regular rate (Outside County) Periodicals. The Postal Service asserts that the price adjustment in this case "continues to recognize the preferential status of Within County Periodicals by setting prices below those of regular Outside County Periodicals."⁵⁶ Notice at 40.

⁵⁵ See Docket No. R2013-1, Order No. 1541, Order on Price Adjustments for Market Dominant Products and Related Mail Classification Changes, November 16, 2012, at 49, 65.

⁵⁶ The Postal Service provides certain revised exigent Within County Periodicals prices based on its inadvertent use of an incorrect surcharge in determining the exigent prices presented in its Notice. Each of the revised prices is slightly lower than the price in the Notice. See Response to Order No. 2398 at 9 and Attachment A, Part II at 60-61; Notice, Attachment A, Part II at 60-61.

Outside County—Nonprofit and Classroom. 39 U.S.C. § 3626(a)(4)(A) requires that Nonprofit and Classroom Periodicals receive, as nearly as practicable, a 5 percent discount from regular rate postage, except for advertising pounds. The Postal Service asserts that, consistent with past practice, it continues this rate preference by giving Nonprofit and Classroom pieces a 5 percent discount on all components of postage except for advertising pounds and ride-along postage. *Id.*

Outside County—Science of Agriculture Periodicals. 39 U.S.C. § 3626(a)(5) requires that Science of Agriculture Periodicals be given preferential treatment for advertising pounds. The Postal Service states that it will continue to provide these publications with advertising pound rates for DDU, DSCF, destination area distribution center (DADC), and Zones 1 & 2 that are 75 percent of the advertising pound rates applicable to regular Outside County Periodicals. *Id.* at 40. The Postal Service also extends this treatment to pound rates for DFSS, which pay the DSCF pound rate. *Id.*

Limited circulation discount. 39 U.S.C. § 3626(g)(4) provides preferential treatment for Outside County pieces of a Periodicals publication with fewer than 5,000 Outside County pieces and at least one Within County piece. The Postal Service observes that a limited circulation discount was implemented in 2008 to provide these pieces with a discount equivalent to the Nonprofit and Classroom discount, and that discount is retained. *Id.* at 41.

Comments. No commenter addresses the consistency of the Postal Service's planned Periodicals prices with statutory preferences.

Commission analysis. The planned rates are consistent with statutory preferences for mail in the Periodicals class. The average per-piece revenue for Within County is approximately 43 percent of the average per-piece revenue for Outside County Flats pieces. This satisfies 39 U.S.C. § 3626(a)(3). The planned limited circulation discount for qualifying Outside County pieces is 5 percent, consistent with 39 U.S.C. § 3626(g)(4). Nonprofit and Classroom publications receive a 5 percent

discount from regular Outside County piece, bundle, sack, and pallet prices, and editorial pound prices, consistent with 39 U.S.C. § 3626(a)(4)(A). Science of Agriculture advertising pound rates are 25 percent less than regular Periodicals, and consistent with 39 U.S.C. § 3626(a)(5). The discount for editorial pounds is between 16.5 and 68.8 percent. This substantially exceeds the minimum 5 percent discount required under 39 U.S.C. § 3626(4)(a).

VI. PACKAGE SERVICES

A. Introduction

This section discusses the proposed Package Services price adjustments, the worksharing relationships between Package Services discounts and associated avoided costs, and the proposed mail classification changes.⁵⁷

B. Price Adjustments

The Package Services class consists of four products: (1) Alaska Bypass Service; (2) Bound Printed Matter Flats (BPM Flats); (3) Bound Printed Matter Parcels (BPM Parcels); and (4) Media Mail/Library Mail.⁵⁸ The planned price increase for Package Services is, on average, 1.787 percent.⁵⁹ Based on the available inflation-based price adjustment authority of 1.966 percent, the Postal Service calculates new unused rate adjustment authority of 0.179 percent. The Postal Service did not have any existing unused rate adjustment authority to apply in this proceeding. Notice at 3.

Table VI-1 shows the percentage price changes for each Package Services product. The Postal Service proposes above-average price increases for Alaska

⁵⁷ Proposed FSS prices and workshare discounts are also discussed in section III of this Order.

⁵⁸ Inbound Surface Parcel Post (at UPU rates) was transferred to the competitive product list and is no longer part of the Package Services class. See Docket No. MC2014-28, Order No. 2160, Order Approving Product List Transfer, August 19, 2014, at 8.

⁵⁹ Library Reference USPS-LR-R2015-4/12, Excel file "CAPCAL-PACKSERV-R2015-4_REMAND2_USPS.xlsx," April 16, 2015.

Bypass Service, BPM Parcels, and Media Mail/Library Mail. The Postal Service proposes a below-average price increase for BPM Flats.

Table VI-1
Package Services Price Changes (By Product)⁶⁰

Package Services Product	Price Change %
Alaska Bypass Service	2.294
BPM Flats	0.314
BPM Parcels	2.389
Media Mail/Library Mail	2.197
Overall	1.787
Source: Library Reference USPS-LR-R2015-4/12, Excel file "CAPCAL-PACKSERV-R2015-4_REMAND2_USPS.xlsx."	

Comments. No commenter addresses the planned price changes for Package Services.

Commission analysis. The Commission finds that the price adjustments for Package Services comply with the inflation-based price adjustment limitation of 39 U.S.C. § 3622(d). The Postal Service's planned price adjustment of 1.787 percent is 0.179 percent less than the current rate adjustment authority of 1.966 percent. As the Postal Service had no unused price adjustment authority prior to this proceeding, the unused price adjustment authority for Package Services is 0.179 percent. See Library Reference PRC-LR-R2015-4/11.

⁶⁰ The percentage price changes in Table VI-1 are calculated by comparing the base prices from Docket No. R2013-10 to the prices resulting from this proceeding, prior to the application of the exigent surcharge.

C. Workshare Discounts

39 U.S.C. § 3622(e) requires the Commission to ensure workshare discounts do not exceed estimated avoided costs unless justified by a statutory exception. To determine if workshare discounts comply with section 3622(e), the Commission analyzes the passthroughs (discounts divided by cost avoidances) for each discount.

Three Package Services products offer workshare discounts: (1) BPM Flats; (2) BPM Parcels; and (3) Media Mail/Library Mail.

BPM Flats. There are 14 discounts offered for BPM Flats. Notice, Attachment B at 16.⁶¹ One BPM Flats passthrough exceeds 100 percent. The DFSS BPM Flats passthrough is 101.7 percent. *Id.* The Postal Service asserts that a DFSS BPM Flats passthrough exceeding 100 percent is necessary to maintain a consistent relationship between price cells so that mailers to non-FSS zones do not experience a further rate increase and FSS mailers are incentivized to “enter scheme containers of mail at the DFSS (which is of economic benefit to the Postal Service).” January 30 Response to CHIR No. 1, question 5. The Commission concludes that the discount is justified pursuant to 39 U.S.C. § 3622(e)(3)(B) because a reduction in the workshare discount would lead to raised rates for mailers who are unable to take advantage of DFSS pricing because their recipients are located in non-FSS zones.

BPM Parcels. There are 12 discounts for BPM Parcels. Notice, Attachment B at 17. Two of the workshare discount passthroughs exceed 100 percent. January 30 Response to CHIR No. 1, question 5. The DSCF BPM Parcels passthrough is 103.9 percent and the DDU BPM Parcels passthrough is 104.3 percent. *Id.* The Postal Service asserts that the BPM Parcels passthroughs exceeding 100 percent are justified pursuant to 39 U.S.C. §§ 3622(e)(2)(B) and 3622(e)(2)(D). *Id.* The Postal Service

⁶¹ The Postal Service filed a revised Attachment B, which added a new worksharing discount for FSS Basic Presort Origin Entry Pieces for BPM Flats. See February 13 Response to CHIR No. 8, question 7, Excel file “Revised Attachment B-CHIR8.xls.”; see also Response to Order No. 2398, Excel file “AttachmentB-Remand2.xls.”

explains that lower discounts would have decreased rates for non-workshared mail in an irrational manner and would also impede the efficient operation of the Postal Service. *Id.* The Postal Service notes its success in reducing the DSCF and DDU passthroughs in light of the decrease in avoided costs compared to the passthroughs reported in the FY 2014 ACR. *Id.* The Postal Service states that it intends to further align these workshare discounts with avoided costs as soon as practicable. *Id.* The Commission concludes that these discounts are justified pursuant to 39 U.S.C. §§ 3622(e)(2)(B) and 3622(e)(2)(D) because as explained by the Postal Service, the discounts are necessary to avoid rate shock and without them the efficient operation of the Postal Service would be impeded.

Media Mail/Library Mail. There are four discounts offered for Media Mail/Library Mail. Notice, Attachment B at 15. All workshare discounts are less than their avoided costs. *Id.*

D. Classification Changes

The Postal Service proposes several classification changes for Package Services products. No commenters address the classification changes.

FSS. As discussed previously, the Postal Service proposes to both eliminate and add price cells to reflect the new price structure for FSS pricing for BPM Flats. See *supra* section III. The Postal Service proposes corresponding MCS changes to reflect the FSS pricing proposal. For BPM Flats, it seeks to eliminate FSS pricing for Carrier Route, FSS DDU pricing for Presort, and non-FSS DFSS pricing for Presort. Notice, Attachment A, Part I at 70-73. The Postal Service seeks to apply DFSS prices to FSS scheme bundles entered on scheme containers at the DFSS. *Id.* at 73, n.2. For FSS scheme bundles entered on non-scheme containers at the DFSS, it proposes applying DSCF prices. *Id.* The FSS pricing is structured to encourage mailers to enter FSS scheme bundles on scheme containers within FSS zones. See Notice at 30.

Forwarding-and-Return Service. The Postal Service proposes to add Forwarding-and-Return Service for BPM Flats. Notice, Attachment A, Part I at 74. The Postal Service explains that forwarded flats will pay \$3.15 per-piece and returned flats will pay the applicable First-Class Mail price if used in conjunction with electronic or automated Address Correction Service. *Id.* All other pieces will pay the applicable First-Class Mail price per-piece plus the price multiplied by a factor of 2.472. *Id.*

Restricted Delivery. As discussed by the Commission in Order No. 2388, Restricted Delivery is being eliminated as a stand-alone service and provided as an option to be combined with specific Special Services products. Order No. 2388 at 11. This change impacts BPM Flats, BPM Parcels, and Media Mail/Library Mail. Notice, Attachment A, Part I at sections 1415, 1420, and 1425.

Commission analysis. The Commission approves the proposed mail classification changes for Package Services. The changes proposed to BPM Flats reflect the FSS pricing proposed by the Postal Service and approved in this Order. *See supra* section III.

E. Statutory Preferred Rates

39 U.S.C. § 3626(a)(7) requires that Library Mail prices be set at 95 percent of Media Mail prices. The Postal Service explains that it satisfies this requirement by setting each Library Mail price element equal to 95 percent of its corresponding Media Mail price element. Notice at 41.

The Commission finds that the prices for Media Mail and Library Mail comply with 39 U.S.C. § 3626(a)(7) because each Library Mail price element has been set to 95 percent of its corresponding Media Mail price element.

VII. ORDERING PARAGRAPHS

It is ordered:

1. The Commission finds that the Postal Service's planned price adjustments relating to Standard Mail as identified in the United States Postal Service Notice of Market Dominant Price Adjustment, filed January 15, 2015, as modified by the Responses to Order Nos. 2378 and 2398, filed March 12, 2015 and April 16, 2015, are consistent with 39 U.S.C. §§ 3622(d) and 3622(e), and may take effect as planned.
2. The Commission finds that the Postal Service's planned price adjustments relating to Periodicals as identified in the United States Postal Service Notice of Market Dominant Price Adjustment, filed January 15, 2015, as modified by the Responses to Order Nos. 2378 and 2398, filed March 12, 2015 and April 16, 2015, are consistent with 39 U.S.C. §§ 3622(d) and 3622(e), and may take effect as planned.
3. The Commission finds that the Postal Service's planned price adjustments relating to Package Services as identified in the United States Postal Service Notice of Market Dominant Price Adjustment, filed January 15, 2015, as modified by the Responses to Order Nos. 2378 and 2398, filed March 12, 2015 and April 16, 2015, are consistent with 39 U.S.C. §§ 3622(d) and 3622(e), and may take effect as planned.
4. Revisions to the Mail Classification Schedule appear below the signature of this Order and are effective May 31, 2015.
5. The Postal Service is directed to file a proposed methodology for determining the costs avoided for the Presorted FSS workshare discounts, as described in the body of this Order, within 90 days of the date of this Order.

6. The Postal Service is directed to file a proposed methodology for determining the costs avoided for the 5-digit pallet presort Standard Mail Carrier Route flats workshare discount, as described in the body of this Order, within 90 days of the date of this Order.
7. The Postal Service is directed to file a proposed methodology for determining the bottom-up costs for the new Periodicals Mail Carrier Route bundle and container entry options, as described in the body of this Order, within 90 days of the date of this Order.

By the Commission.

Shoshana M. Grove
Secretary

CHANGES TO THE MAIL CLASSIFICATION SCHEDULE

The following material represents a change to the Mail Classification Schedule.

The Commission uses two main conventions when making changes to the Mail Classification Schedule. New text is underlined. Deleted text is struck through.

*Standard Mail (Commercial and Nonprofit)
High Density and Saturation Letters***Part A—Market Dominant Products**

1200 Standard Mail (Commercial and Nonprofit)

1205 High Density and Saturation Letters

1205.5 Optional Features

The following additional postal services may be available in conjunction with the product specified in this section:

- ~~EDDM Coupon Program (March 1, 2014 to December 31, 2014)~~
- ~~High Density and Saturation Incentive Program (January 1, 2014 to December 31, 2014)~~
- ~~Branded Color Mobile Technology Promotion (February 1, 2014 to March 31, 2014)~~
- Earned Value Reply Mail Promotion (~~April~~ May 1, 2015 ~~2014 to July 31, 2015~~ June 30, 2014)
- ~~Mail and Digital Personalization Promotion (May 1, 2014 to June 30, 2014)~~
- Advanced and Emerging Technology —Near Field Communication Promotion (June 1, 2015 ~~August 1, 2014 to November 30, 2015~~ September 30, 2014)
- Mail Drives Mobile Engagement ~~Commerce~~ Promotion (~~November 1, 2014~~ July 1, 2015 ~~to December 31, 2015~~ 2014)

1205.6 Prices

Saturation Letters (3.53 ounces or less)

Entry Point	Commercial (\$)	Nonprofit (\$)
Origin	<u>0.202</u>	<u>0.125</u>
DNDC	<u>0.169</u>	<u>0.092</u>
DSCF	<u>0.157</u>	<u>0.080</u>

*Standard Mail (Commercial and Nonprofit)
High Density and Saturation Letters**High Density Plus Letters (3.53 ounces or less)*

Entry Point	Commercial (\$)	Nonprofit (\$)
Origin	<u>0.212</u>	<u>0.135</u>
DNDC	<u>0.179</u>	<u>0.102</u>
DSCF	<u>0.168</u>	<u>0.090</u>

High Density Letters (3.53 ounces or less)

Entry Point	Commercial (\$)	Nonprofit (\$)
Origin	<u>0.215</u>	<u>0.138</u>
DNDC	<u>0.182</u>	<u>0.105</u>
DSCF	<u>0.171</u>	<u>0.093</u>

*Saturation, High Density Plus, and High Density Nonautomation Letters
(3.3 ounces or less) Commercial*

Entry Point	Saturation (\$)	High Density Plus (\$)	High Density (\$)
None	<u>0.214</u>	<u>0.240</u>	<u>0.245</u>
DNDC	<u>0.179</u>	<u>0.206</u>	<u>0.211</u>
DSCF	<u>0.169</u>	<u>0.196</u>	<u>0.201</u>

*Standard Mail (Commercial and Nonprofit)
High Density and Saturation Letters**Saturation, High Density Plus, and High Density Nonautomation Letters
(3.3 ounces or less) Nonprofit*

Entry Point	Saturation (\$)	High Density Plus (\$)	High Density (\$)
None	<u>0.136</u>	<u>0.164</u>	<u>0.168</u>
DNDC	<u>0.102</u>	<u>0.130</u>	<u>0.134</u>
DSCF	<u>0.092</u>	<u>0.119</u>	<u>0.123</u>

*Saturation, High Density Plus, and High Density Nonautomation Letters
(more than 3.3 ounces) Commercial and Nonprofit*

Saturation, High Density Plus, and High Density letter-shaped pieces, and letter-shaped pieces without eligible barcodes or not meeting automation letter standards, that weigh more than 3.3 ounces must pay the prices shown in the applicable Standard Mail (Commercial and Nonprofit) Saturation, High Density Plus, and High Density Flats price tables (1210.6). These pieces cannot be entered at a DDU and must be prepared as letters.

a. Per Piece

	Saturation (\$)	High Density Plus (\$)	High Density (\$)
Automation	0.064	0.075	0.079
Nonautomation	0.076	0.083	0.107

b. Per Pound

Entry Point	Saturation (\$)	High Density Plus (\$)	High Density (\$)
None	0.612	0.612	0.612
DNDC	0.454	0.454	0.454
DSCF	0.403	0.403	0.403

*Standard Mail (Commercial and Nonprofit)
High Density and Saturation Letters**~~Saturation, High Density Plus, and High Density Letters (more than 3.3 ounces) Nonprofit~~**a. ~~Per Piece~~*

	Saturation (\$)	High Density Plus (\$)	High Density (\$)
Automation	0.025	0.034	0.038
Nonautomation	0.035	0.042	0.066

b. ~~Per Pound~~

Entry Point	Saturation (\$)	High-Density Plus (\$)	High Density (\$)
None	0.442	0.442	0.442
DNDG	0.284	0.284	0.284
DSCF	0.233	0.233	0.233

Forwarding-and-Return Service

If Forwarding-and-Return Service is used in conjunction with electronic or automated Address Correction Service, forwarded letters pay \$0.45365 per piece and returned letters pay the applicable First-Class Mail price. All other letters requesting Forwarding-and-Return Service that are returned are charged the appropriate First-Class Mail price for the piece plus the price multiplied by a factor of 2.472.

Letters including a Repositionable Note

~~Add \$0.000 for each letter bearing a Repositionable Note.~~

~~High Density and Saturation Incentive Program (January 1, 2014 to December 31, 2014)~~

~~Commercial Saturation Letters: Provide a 20 percent postage discount, on incremental volume above an established threshold, for mailers that comply with the enrollment and eligibility requirements of the program.~~

*Standard Mail (Commercial and Nonprofit)
High Density and Saturation Letters*

~~Nonprofit Saturation Letters: Provide a 5 percent postage discount, on incremental volume above an established threshold, for mailers that comply with the enrollment and eligibility requirements of the program.~~

~~Commercial High Density Letters: Provide a 15 percent postage discount, on incremental volume above an established threshold, for mailers that comply with the enrollment and eligibility requirements of the program.~~

~~Nonprofit High Density Letters: Provide a 5 percent postage discount, on incremental volume above an established threshold, for mailers that comply with the enrollment and eligibility requirements of the program.~~

~~EDDM Coupon Promotion (March 1, 2014 to December 31, 2014)~~

~~Provide a postage credit of \$50.00 or \$100.00 on any EDDM mailing sent by any new customer who receives a promotion coupon during the program period. Coupons must be redeemed by January, 2015.~~

~~Branded Color Mobile Technology Promotion (February 1, 2014 to March 31, 2014)~~

~~Provide a two percent discount on the qualifying postage for First-Class Mail presort or automation letters, postcards, and flats sent during the established program period, and which include print mobile technology (such as QR Code) with creative elements including color and graphics, inside or on the mailpiece. To receive the discount, mailers must comply with the eligibility requirements of the program.~~

~~Earned Value Reply Mail Promotion (April 1, 2014 May 1, 2015 to July 31, 2015 June 30, 2014)~~

~~Provide a \$0.02 or \$0.03 per-piece rebate on all Business Reply Mail and Courtesy Reply Mail pieces that meet program requirements and are returned to the registered customer during the program period. To receive the rebate, registered customers must have mailed out pieces that included a Business Reply Mail or Courtesy Reply Mail envelope, and comply with all other eligibility requirements of the program. To qualify for the \$0.03 per piece rebate, a mailer must have participated in the 2014³ Earned Value Promotion and increase their volume of qualifying Business Reply Mail/Courtesy Reply Mail pieces in 2015⁴.~~

*Standard Mail (Commercial and Nonprofit)
High Density and Saturation Letters**~~Mail and Digital Personalization Promotion (May 1, 2014 to June 30, 2014)~~*

~~Provide a two percent discount on the qualifying postage for First-Class Mail presort and automation letters, cards, and flats and Standard Mail letters and flats sent during the established program period, and which include print mobile technology leading the recipient to a customized or personalized url, and webpage, creating a mobile experience that offers relevant messaging and content. The mailpiece itself must also be customized to the recipient. To receive the discount, mailers must comply with the eligibility requirements of the program.~~

Advanced and Emerging Technology —Near Field Communication Promotion (June 1, 2015August 1, 2014 to November 30, 2015September 30, 2014)

Provide a two percent discount on the qualifying postage for First-Class Mail and Standard Mail presort or automation letters, postcards, and flats that are sent during the established program period, and which include affixed or embedded technology that allows the recipient to engage in an experience facilitated via Near Field Communication, or other qualifying emerging technology leading to a mobile experience. To receive the discount, mailers must comply with the eligibility requirements of the program.

Mail Drives Mobile Engagement Commerce Promotion (November 1, 2014July 1, 2015 to December 31, 2015-2014)

Provide a two percent discount on the qualifying postage for First-Class Mail and Standard Mail presort or automation letters, ~~postcards~~, and flats which include a mobile barcode inside or on the mailpiece that facilitates a mobile optimized shopping experience. To receive the discount, the qualifying mail must be sent during the established program period by mailers that comply with the eligibility requirements of the program. ~~Mailers may also qualify for an additional one percent postage rebate if a portion of their orders are fulfilled via Priority Mail with USPS Tracking during the established fulfillment period.~~

*Standard Mail (Commercial and Nonprofit)
High Density and Saturation Flats/Parcels***1210**

High Density and Saturation Flats/Parcels

1210.4

Price Categories

The following price categories are available for the product specified in this section:

- High Density Plus Flats
DDU, ~~DFSS Scheme, DFSS Facility~~, DSCF/DFSS, DNDC, and Origin entry levels
Commercial and Nonprofit eligible
- High Density Flats
DDU, ~~DFSS Scheme, DFSS Facility~~, DSCF/DFSS, DNDC, and Origin entry levels
Commercial and Nonprofit eligible

1210.5

Optional Features

The following additional postal services may be available in conjunction with the product specified in this section:

- ~~EDDM Coupon Program (March 1, 2014 to December 31, 2014)~~
- ~~High Density and Saturation Incentive Program (January 1, 2014 to December 31, 2014)~~
- ~~Branded Color Mobile Technology Promotion (February 1, 2014 to March 31, 2014)~~
- Earned Value Reply Mail Promotion: Flats Only (~~April 1, 2014~~ May 1, 2015 to July 31, 2015 ~~June 30, 2014~~)
- ~~Mail and Digital Personalization Promotion (May 1, 2014 to June 30, 2014)~~
- Advanced and Emerging Technology — Near Field Communication Promotion: Flats Only (~~August 1, 2014~~ June 1, 2015 to November 30, 2015 ~~September 30, 2014~~)
- Mail Drives Mobile Engagement ~~Commerce~~ Promotion: Flats Only (~~November 1, 2014~~ July 1, 2015 to December 31, 2015 ~~2014~~)

*Standard Mail (Commercial and Nonprofit)
High Density and Saturation Flats/Parcels*

1210.6 Prices

Saturation Flats (3.3 ounces or less)

Entry Point	Commercial (\$)		Nonprofit (\$)	
	<u>EDDM</u>	<u>Other</u>	<u>EDDM</u>	<u>Other</u>
Origin	<u>0.215</u>	<u>0.214</u>	<u>0.137</u>	<u>0.136</u>
DNDC	<u>0.180</u>	<u>0.179</u>	<u>0.103</u>	<u>0.102</u>
DSCF	<u>0.170</u>	<u>0.169</u>	<u>0.093</u>	<u>0.092</u>
DDU	<u>0.160</u>	<u>0.159</u>	<u>0.083</u>	<u>0.082</u>

Saturation Flats (greater than 3.3 ounces)

a. Per Piece

	Commercial (\$)		Nonprofit (\$)	
	<u>EDDM</u>	<u>Other</u>	<u>EDDM</u>	<u>Other</u>
Per Piece	<u>0.082</u>	<u>0.081</u>	<u>0.042</u>	<u>0.041</u>

b. Per Pound

Entry Point	Commercial (\$)		Nonprofit (\$)	
	<u>EDDM</u>	<u>Other</u>	<u>EDDM</u>	<u>Other</u>
Origin	0.641	0.641	0.464	0.464
DNDC	0.473	0.473	0.296	0.296
DSCF	0.423	0.423	0.246	0.246
DDU	0.378	0.378	0.201	0.201

*Standard Mail (Commercial and Nonprofit)
High Density and Saturation Flats/Parcels**Saturation Parcels*

a. Per Piece

Mailing Volume Tier	Commercial		Nonprofit	
	Small (\$)	Large (\$)	Small (\$)	Large (\$)
0-200,000	<u>0.297</u>	<u>0.343</u>	<u>0.223</u>	<u>0.258</u>
200,001-400,000	<u>0.286</u>	<u>0.331</u>	<u>0.215</u>	<u>0.249</u>
400,001-600,000	<u>0.274</u>	<u>0.320</u>	<u>0.206</u>	<u>0.240</u>
600,001-800,000	<u>0.263</u>	<u>0.309</u>	<u>0.197</u>	<u>0.232</u>
800,000-1,000,000	<u>0.251</u>	<u>0.297</u>	<u>0.189</u>	<u>0.223</u>
Over 1,000,000	<u>0.240</u>	<u>0.286</u>	<u>0.181</u>	<u>0.215</u>

b. Handling Fees for DNDC/DSCF Entry

	Commercial (\$)	Nonprofit (\$)
Entry Point/ Presort	Pallet	Pallet
DNDC – 3-Digit	<u>52.138</u>	<u>41.710</u>
DNDC – 5-Digit	<u>84.774</u>	<u>67.818</u>
DSCF – 53 -Digit	<u>39.719</u>	<u>31.775</u>
Pallet Presort	Carton/Sack	Carton/Sack
3-Digit	<u>7.100</u>	<u>5.681</u>

High Density Plus Flats (3.3 ounces or less)

Entry Point	Commercial (\$)	Nonprofit (\$)
Origin	<u>0.240</u>	<u>0.164</u>
DNDC	<u>0.206</u>	<u>0.130</u>
DSCF/DFSS	<u>0.196</u>	<u>0.119</u>
DFSS Facility	<u>0.194</u>	<u>0.114</u>
DFSS Scheme	<u>0.187</u>	<u>0.108</u>
DDU	<u>0.186</u>	<u>0.110</u>

*Standard Mail (Commercial and Nonprofit)
High Density and Saturation Flats/Parcels**High Density Plus Flats (greater than 3.3 ounces)*

a. Per Piece

	Commercial (\$)	Nonprofit (\$)
Per Piece DFSS	0.085	0.043
Per Piece Other	<u>0.088</u>	<u>0.048</u>

b. Per Pound

Entry Point	Commercial (\$)	Nonprofit (\$)
Origin	<u>0.641</u>	<u>0.464</u>
DNDC	<u>0.473</u>	<u>0.296</u>
DSCF/DFSS	<u>0.423</u>	<u>0.246</u>
DFSS Facility	0.406	0.236
DFSS Scheme	0.406	0.236
DDU	<u>0.378</u>	<u>0.201</u>

High Density Flats (3.3 ounces or less)

Entry Point	Commercial (\$)	Nonprofit (\$)
Origin	<u>0.245</u>	<u>0.168</u>
DNDC	<u>0.211</u>	<u>0.134</u>
DSCF/DFSS	<u>0.201</u>	<u>0.123</u>
DFSS Facility	0.199	0.119
DFSS Scheme	0.198	0.118
DDU	<u>0.191</u>	<u>0.114</u>

*Standard Mail (Commercial and Nonprofit)
High Density and Saturation Flats/Parcels**High Density Flats (greater than 3.3 ounces)*

a. Per Piece

	Commercial (\$)	Nonprofit (\$)
Per Piece – DFSS	0.110	0.068
Per Piece – Other	<u>0.113</u>	<u>0.073</u>

b. Per Pound

Entry Point	Commercial (\$)	Nonprofit (\$)
Origin	<u>0.641</u>	<u>0.464</u>
DNDC	<u>0.473</u>	<u>0.296</u>
DSCF/ DFSS	<u>0.423</u>	<u>0.246</u>
DFSS Facility	0.420	0.243
DFSS Scheme	0.420	0.236
DDU	<u>0.378</u>	<u>0.201</u>

Flat-shaped pieces including a Detached Address Label

Add \$0.0364 for each piece addressed using a Detached Address Label with no advertising, and \$0.0364 for each piece using a Detached Address Label containing advertising (Detached Marketing Label).

Forwarding-and-Return Service

If used in conjunction with electronic or automated Address Correction Service, forwarded flats pay \$1.40095 per piece and returned flats the applicable First-Class Mail price. All other pieces requesting Forwarding-and-Return Service that are returned are charged the appropriate First-Class Mail price for the piece plus the price multiplied by a factor of 2.472.

*Standard Mail (Commercial and Nonprofit)
High Density and Saturation Flats/Parcels*

~~*Flats including a Repositionable Note*~~

~~Add \$0.000 for each flat bearing a Repositionable Note.~~

~~*****~~

~~*EDDM Coupon Promotion (March 1, 2014 to December 31, 2014)*~~

~~Provide a postage credit of \$50 or \$100 on any EDDM mailing sent by any new customer who receives a promotion coupon during the program period. Coupons must be redeemed by January, 2015.~~

~~*High Density and Saturation Incentive Program (January 1, 2014 to December 31, 2014)*~~

~~Commercial Saturation Flats: Provide a 20 percent postage discount, on incremental volume above an established threshold, for mailers that comply with the enrollment and eligibility requirements of the program.~~

~~Nonprofit Saturation Flats: Provide a 5 percent postage discount, on incremental volume above an established threshold, for mailers that comply with the enrollment and eligibility requirements of the program.~~

~~Commercial High Density Flats: Provide a 15 percent postage discount, on incremental volume above an established threshold, for mailers that comply with the enrollment and eligibility requirements of the program.~~

~~Nonprofit High Density Flats: Provide a 5 percent postage discount, on incremental volume above an established threshold, for mailers that comply with the enrollment and eligibility requirements of the program.~~

~~*Branded Color Mobile Technology Promotion: Flats Only (February 1, 2014 to March 31, 2014)*~~

~~Provide a two percent discount on the qualifying postage for First-Class Mail and Standard Mail presort or automation letters, postcards, and flats sent during the established program period, and which include print mobile technology (such as a QR code) with creative elements including color graphics, inside or on the mailpiece. To receive the discount, mailers must comply with the eligibility requirements of the program.~~

~~*Earned Value Reply Mail Promotion: Flats Only (April 1, 2014May 1, 2015 to July 31, 2015June 30, 2014)*~~

*Standard Mail (Commercial and Nonprofit)
High Density and Saturation Flats/Parcels*

Provide a \$0.02 or \$0.03 per-piece rebate on all Business Reply Mail and Courtesy Reply Mail pieces that meet program requirements and are returned to the registered customer during the program period. To receive the rebate, registered customers must have mailed out pieces that included a Business Reply Mail or Courtesy Reply Mail envelope, and comply with all other eligibility requirements of the program. To qualify for the \$0.03 per piece rebate, a mailer must have participated in the 2014~~3~~ Earned Value Promotion and increase their volume of qualifying Business Reply Mail/Courtesy Reply Mail pieces in 2015~~4~~.

~~Mail and Digital Personalization Promotion: Flats Only (May 1, 2014 to June 30, 2014)~~

~~Provide a two percent discount on the qualifying postage for First-Class Mail presort and automation letters, cards, and flats and Standard Mail letters and flats sent during the established program period, and which include print mobile technology leading the recipient to a customized or personalized url, and webpage, creating a mobile experience that offers relevant messaging and content. The mailpiece itself must also be customized to the recipient. To receive the discount, mailers must comply with the eligibility requirements of the program.~~

~~Advanced and Emerging Technology —Near Field Communication Promotion: Flats Only (June 1, 2015August 1, 2014 to November 30, 2015September 30, 2014)~~

Provide a two percent discount on the qualifying postage for First-Class Mail and Standard Mail presort or automation letters, postcards, and flats that are sent during the established program period, and which include affixed or embedded technology that allows the recipient to engage in an experience facilitated via Near Field Communication, or other qualifying emerging technology leading to a mobile experience. To receive the discount, mailers must comply with the eligibility requirements of the program.

~~Mail Drives Mobile Engagement Commerce Promotion: Flats Only (November 1, 2014July 1, 2015 to December 31, 20152014)~~

Provide a two percent discount on the qualifying postage for First-Class Mail and Standard Mail presort or automation letters, ~~postcards~~, and flats which include a mobile barcode inside or on the mailpiece that facilitates a mobile optimized shopping experience. To receive the discount, the qualifying mail must be sent during the established program period by mailers that comply with the eligibility requirements of the program. ~~Mailers may also qualify for an additional one percent postage rebate if a~~

*Standard Mail (Commercial and Nonprofit)
High Density and Saturation Flats/Parcels*

~~portion of their orders are fulfilled via Priority Mail with USPS Tracking
during the established fulfillment period.~~

*Standard Mail (Commercial and Nonprofit)
Carrier Route***1215 Carrier Route**

1215.4 Price Categories

The following price categories are available for the product specified in this section:

- Flats
DDU, DSCF, ~~DFSS~~, DNDC, and Origin entry levels
Commercial and Nonprofit eligible

1215.5 Optional Features

The following additional postal services may be available in conjunction with the product specified in this section:

- ~~Branded Color Mobile Technology Promotion: Letters and Flats Only (February 1, 2014 to March 31, 2014)~~
- Earned Value Reply Mail Promotion: Letters and Flats Only (~~April 1, 2014~~ May 1, 2015 to July 31, 2015 ~~June 30, 2014~~)
- ~~Mail and Digital Personalization Promotion: Letters and Flats Only (May 1, 2014 to June 30, 2014)~~
- Advanced and Emerging Technology — Near Field Communication Promotion: Letters and Flats Only (~~August 1, 2014~~ June 1, 2015 to November 30, 2015 ~~September 30, 2014~~)
- Mail Drives Mobile Engagement ~~Commerce~~ Promotion: Letters and Flats Only (~~November 1, 2014~~ July 1, 2015 to December 31, 2015 ~~2014~~)

*Standard Mail (Commercial and Nonprofit)
Carrier Route*

1215.6 Prices

Carrier Route Letters (3.53 ounces or less)

Entry Point	Commercial (\$)	Nonprofit (\$)
Origin	<u>0.300</u>	<u>0.223</u>
DNDC	<u>0.267</u>	<u>0.190</u>
DSCF	<u>0.256</u>	<u>0.178</u>

Carrier Route Letters weighing greater than 3.3 ounces

Automation-compatible barcoded carrier route letter-sized pieces that weigh more than 3.3 ounces but not more than 3.5 ounces pay the applicable flats Standard Mail (Commercial and Nonprofit) Carrier Route piece and pound price but receive a discount off the piece price equal to the minimum flats per piece price minus the minimum letter per piece price corresponding to the applicable entry point and density tier.

Nonautomation basic carrier route letters pay prices shown in 1215.6 Carrier Route Flats tables. These letters cannot be entered at DDUs and must be prepared as letters.

Carrier Route Nonautomation Letters weighing greater than 3.35 ounces

Carrier Route Flats (3.3 ounces or less)

Entry Point	Commercial (\$)		Nonprofit (\$)	
	<u>5-Digit Pallet</u>	<u>Other</u>	<u>5-Digit Pallet</u>	<u>Other</u>
Origin	<u>0.295</u>	<u>0.300</u>	<u>0.218</u>	<u>0.223</u>
DNDC	<u>0.262</u>	<u>0.267</u>	<u>0.185</u>	<u>0.190</u>
DSCF	<u>0.251</u>	<u>0.256</u>	<u>0.173</u>	<u>0.178</u>
DFSS Facility		0.251		0.171
DFSS Scheme		0.250		0.170
DDU	<u>0.243</u>	<u>0.248</u>	<u>0.166</u>	<u>0.171</u>

Standard Mail (Commercial and Nonprofit)
Carrier Route

Carrier Route Flats (greater than 3.3 ounces)

a. Per Piece

<u>Entry Point</u>	<u>Commercial</u> (\$)		<u>Nonprofit</u> (\$)	
	<u>5-Digit Pallets</u>	<u>Other</u>	<u>5-Digit Pallets</u>	<u>Other</u>
Per Piece - DFSS	0.143		0.104	
Per Piece - Other	0.144		0.102	
<u>Origin</u>	<u>0.145</u>	<u>0.150</u>	<u>0.105</u>	<u>0.110</u>
<u>DNDC</u>	<u>0.145</u>	<u>0.150</u>	<u>0.105</u>	<u>0.110</u>
<u>DSCF</u>	<u>0.145</u>	<u>0.150</u>	<u>0.105</u>	<u>0.110</u>
<u>DDU</u>	<u>0.145</u>	<u>0.150</u>	<u>0.105</u>	<u>0.110</u>

b. Per Pound

<u>Entry Point</u>	<u>Commercial</u> (\$)		<u>Nonprofit</u> (\$)	
	<u>5-Digit Pallets</u>	<u>Other</u>	<u>5-Digit Pallets</u>	<u>Other</u>
Origin	<u>0.732</u>	<u>0.732</u>	<u>0.554</u>	<u>0.554</u>
DNDC	<u>0.564</u>	<u>0.564</u>	<u>0.386</u>	<u>0.386</u>
DSCF	<u>0.514</u>	<u>0.514</u>	<u>0.336</u>	<u>0.336</u>
DFSS Facility	<u>0.513</u>		<u>0.335</u>	
DFSS Scheme	<u>0.513</u>		<u>0.335</u>	
DDU	<u>0.469</u>	<u>0.469</u>	<u>0.291</u>	<u>0.291</u>

*Standard Mail (Commercial and Nonprofit)
Carrier Route**Carrier Route Parcels*

a. Per Piece

Mailing Volume Tier	Commercial		Nonprofit	
	Small (\$)	Large (\$)	Small (\$)	Large (\$)
0-200,000	<u>0.411</u>	<u>0.457</u>	<u>0.309</u>	<u>0.343</u>
200,001-400,000	<u>0.400</u>	<u>0.446</u>	<u>0.300</u>	<u>0.335</u>
400,001-600,000	<u>0.389</u>	<u>0.434</u>	<u>0.292</u>	<u>0.326</u>
600,001-800,000	<u>0.377</u>	<u>0.423</u>	<u>0.284</u>	<u>0.318</u>
800,000-1,000,000	<u>0.366</u>	<u>0.411</u>	<u>0.274</u>	<u>0.309</u>
Over 1,000,000	<u>0.354</u>	<u>0.400</u>	<u>0.266</u>	<u>0.300</u>

b. Handling Fees for DNDC/DSCF Entry

	Commercial (\$)	Nonprofit (\$)
Entry Point/ Presort	Pallet	Pallet
DNDC – 3-Digit	<u>52.138</u>	<u>41.710</u>
DNDC – 5-Digit	<u>84.774</u>	<u>67.818</u>
DSCF – 5-Digit	<u>39.719</u>	<u>31.775</u>
Pallet Presort	Carton/Sack	Carton/Sack
3-Digit	<u>7.100</u>	<u>5.681</u>

Forwarding-and-Return Service

If used in conjunction with electronic or automated Address Correction Service, forwarded letters pay \$0.~~45365~~ per piece, forwarded flats pay \$1.~~40095~~ per piece and returned letters and flats pay the applicable First-Class Mail price. All other pieces requesting Forwarding-and-Return Service that are returned are charged the appropriate First-Class Mail price for the piece plus the price multiplied by a factor of 2.472.

Letters and Flats including a Repositionable Note

Standard Mail (Commercial and Nonprofit)
Carrier Route

~~Add \$0.000 for each letter or flat bearing a Repositionable Note.~~

~~*****~~

~~*Branded Color Mobile Technology Promotion: Letters and Flats Only
(February 1, 2014 to March 31, 2014)*~~

~~Provide a two percent discount on the qualifying postage for First-Class Mail and Standard Mail presort or automation letters, postcards, and flats sent during the established program period, and which include print mobile technology (such as a QR code) with creative elements including color graphics, inside or on the mailpiece. To receive the discount, mailers must comply with the eligibility requirements of the program.~~

~~*Earned Value Reply Mail Promotion: Letters and Flats Only (April 1, 2014*~~
~~*May 1, 2015 to July 31, 2015*~~
~~*June 30, 2014)*~~

~~Provide a \$0.02 or \$0.03 per-piece rebate on all Business Reply Mail and Courtesy Reply Mail pieces that meet program requirements and are returned to the registered customer during the program period. To receive the rebate, registered customers must have mailed out pieces that included a Business Reply Mail or Courtesy Reply Mail envelope, and comply with all other eligibility requirements of the program. To qualify for the \$0.03 per piece rebate, a mailer must have participated in the 2014⁴³ Earned Value Promotion and increase their volume of qualifying Business Reply Mail/Courtesy Reply Mail pieces in 2015⁴⁴.~~

~~*Mail and Digital Personalization Promotion: Letters and Flats Only (May 1, 2014 to June 30, 2014)*~~

~~Provide a two percent discount on the qualifying postage for First-Class Mail presort and automation letters, cards, and flats and Standard Mail letters and flats sent during the established program period, and which include print mobile technology leading the recipient to a customized or personalized url, and webpage, creating a mobile experience that offers relevant messaging and content. The mailpiece itself must also be customized to the recipient. To receive the discount, mailers must comply with the eligibility requirements of the program.~~

Standard Mail (Commercial and Nonprofit)
Carrier Route

~~Advanced and Emerging Technology — Near Field Communication~~
~~Promotion: Letters and Flats Only (August 1, 2014 June 1, 2015 to~~
~~November 30, 2015September 30, 2014)~~

Provide a two percent discount on the qualifying postage for First-Class Mail and Standard Mail presort or automation letters, postcards, and flats that are sent during the established program period, and which include affixed or embedded technology that allows the recipient to engage in an experience facilitated via Near Field Communication, or other qualifying emerging technology leading to a mobile experience. To receive the discount, mailers must comply with the eligibility requirements of the program.

~~Mail Drives Mobile Engagement Commerce Promotion: Letters and Flats~~
~~Only (November 1, 2015July 1, 2015 to December 31, 2015-2014)~~

Provide a two percent discount on the qualifying postage for First-Class Mail and Standard Mail presort or automation letters, postcards, and flats which include a mobile barcode inside or on the mailpiece that facilitates a mobile optimized shopping experience. To receive the discount, the qualifying mail must be sent during the established program period by mailers that comply with the eligibility requirements of the program. ~~Mailers may also qualify for an additional one percent postage rebate if a portion of their orders are fulfilled via Priority Mail with USPS Tracking during the established fulfillment period.~~

*Standard Mail (Commercial and Nonprofit)
Letters***1220 Letters**

1220.5 Optional Features

The following additional postal services may be available in conjunction with the product specified in this section:

- ~~Branded Color Mobile Technology Promotion (February 1, 2014 to March 31, 2014)~~
- Earned Value Reply Mail Promotion (~~April 1, 2014~~ May 1, 2015 to July 31, 2015 ~~June 30, 2014~~)
- ~~Mail and Digital Personalization Promotion (May 1, 2014 to June 30, 2014)~~
- Advanced and Emerging Technology — Near Field Communication Promotion (~~August 1, 2014~~ June 1, 2015 to November 30, 2015 ~~September 30, 2014~~)
- Mail Drives Mobile Engagement ~~Commerce~~ Promotion (~~November 1, 2014~~ July 1, 2015 to December 31, 2015 ~~2014~~)

1220.6 Prices

Automation Letters (3.53 ounces or less)

Entry Point	Commercial				Nonprofit			
	5-Digit (\$)	3-Digit (\$)	AADC (\$)	Mixed AADC (\$)	5-Digit (\$)	3-Digit (\$)	AADC (\$)	Mixed AADC (\$)
Origin	<u>0.266</u>	<u>0.283</u>	<u>0.283</u>	<u>0.304</u>	<u>0.147</u>	<u>0.164</u>	<u>0.164</u>	<u>0.185</u>
DNDC	<u>0.230</u>	<u>0.247</u>	<u>0.247</u>	<u>0.268</u>	<u>0.111</u>	<u>0.128</u>	<u>0.128</u>	<u>0.149</u>
DSCF	<u>0.221</u>	<u>0.238</u>	<u>0.238</u>	n/a	<u>0.102</u>	<u>0.119</u>	<u>0.119</u>	n/a

*Standard Mail (Commercial and Nonprofit)
Letters**Machinable Letters (3.3 ounces or less)*

Entry Point	Commercial		Nonprofit	
	AADC (\$)	Mixed AADC (\$)	AADC (\$)	Mixed AADC (\$)
Origin	<u>0.300</u>	<u>0.317</u>	<u>0.181</u>	<u>0.198</u>
DNDC	<u>0.264</u>	<u>0.281</u>	<u>0.145</u>	<u>0.162</u>
DSCF	<u>0.254</u>	n/a	<u>0.135</u>	n/a

Nonmachinable Letters (3.3 ounces or less)

Entry Point	Commercial				Nonprofit			
	5-Digit (\$)	3-Digit (\$)	ADC (\$)	Mixed ADC (\$)	5-Digit (\$)	3-Digit (\$)	ADC (\$)	Mixed ADC (\$)
Origin	<u>0.491</u>	<u>0.580</u>	<u>0.606</u>	<u>0.675</u>	<u>0.372</u>	<u>0.461</u>	<u>0.487</u>	<u>0.556</u>
DNDC	<u>0.455</u>	<u>0.544</u>	<u>0.570</u>	<u>0.639</u>	<u>0.336</u>	<u>0.425</u>	<u>0.451</u>	<u>0.520</u>
DSCF	<u>0.446</u>	<u>0.535</u>	<u>0.561</u>	n/a	<u>0.326</u>	<u>0.415</u>	<u>0.441</u>	n/a

~~*Pieces weighing more than 3.3 ounces but not more than 3.5 ounces*~~

~~Automation letter-shaped pieces that weigh more than 3.3 ounces but not more than 3.5 ounces pay the applicable flats piece and pound price but receive a discount off the piece price equal to the minimum flats per piece price minus the minimum letter per piece price corresponding to the applicable entry point and density tier.~~

Nonautomation Pieces weighing greater than 3.3 ounces

Letters pieces without eligible barcodes or not meeting automation letter standards, that weigh more than 3.3 ounces must pay the prices shown in the applicable Standard Mail (Commercial and Nonprofit) Flats price tables (1225.6). These pieces cannot be entered at a DDU and must be prepared as letters.

~~Charges are computed by multiplying the number of pieces in the mailing by the applicable per piece price, multiplying the number of pounds of the mailing by the applicable per pound price, and adding both totals.~~

*Standard Mail (Commercial and Nonprofit)
Letters***a. Per Piece**

Entry Point	Commercial				Nonprofit			
	5-Digit (\$)	3-Digit (\$)	ADC (\$)	Mixed ADC (\$)	5-Digit (\$)	3-Digit (\$)	ADC (\$)	Mixed ADC (\$)
Per Piece	0.265	0.333	0.387	0.438	0.140	0.208	0.262	0.313

b. Per Pound

Entry Point	Commercial (\$)	Nonprofit (\$)
Origin	0.782	0.676
DNDG	0.616	0.510
DSCF	0.566	0.460

Forwarding-and-Return Service

If Forwarding-and-Return Service is used in conjunction with electronic or automated Address Correction Service, forwarded letters pay \$0.45365 per piece and returned letters pay the applicable First-Class Mail price. All other letters requesting Forwarding-and-Return Service that are returned are charged the appropriate First-Class Mail price for the piece plus the price multiplied by a factor of 2.472.

Letters including a Repositionable Note

~~Add \$0.000 for each letter bearing a Repositionable Note.~~

Branded Color Mobile Technology Promotion (February 1, 2014 to March 31, 2014)

~~Provide a two percent discount on the qualifying postage for First-Class Mail and Standard Mail presort or automation letters, postcards, and flats sent during the established program period, and which include print mobile technology (such as a QR code) with creative elements including~~

*Standard Mail (Commercial and Nonprofit)
Letters*

~~color graphics, inside or on the mailpiece. To receive the discount, mailers must comply with the eligibility requirements of the program.~~

~~Earned Value Reply Mail Promotion (April 1, 2014~~May 1, 2015 to July 31, 2015~~June 30, 2014)~~

Provide a \$0.02 or \$0.03 per-piece rebate on all Business Reply Mail and Courtesy Reply Mail pieces that meet program requirements and are returned to the registered customer during the program period. To receive the rebate, registered customers must have mailed out pieces that included a Business Reply Mail or Courtesy Reply Mail envelope, and comply with all other eligibility requirements of the program. To qualify for the \$0.03 per piece rebate, a mailer must have participated in the 2014~~3~~ Earned Value Promotion and increase their volume of qualifying Business Reply Mail/Courtesy Reply Mail pieces in 2015~~4~~.

~~Mail and Digital Personalization Promotion (May 1, 2014 to June 30, 2014)~~

~~Provide a two percent discount on the qualifying postage for First-Class Mail presort and automation letters, cards, and flats and Standard Mail letters and flats sent during the established program period, and which include print mobile technology leading the recipient to a customized or personalized url, and webpage, creating a mobile experience that offers relevant messaging and content. The mailpiece itself must also be customized to the recipient. To receive the discount, mailers must comply with the eligibility requirements of the program.~~

~~Advanced and Emerging Technology—Near Field Communication Promotion (June 1, 2015~~August 1, 2014 to November 30, 2015~~September 30, 2014)~~

Provide a two percent discount on the qualifying postage for First-Class Mail and Standard Mail presort or automation letters, postcards, and flats that are sent during the established program period, and which include affixed or embedded technology that allows the recipient to engage in an experience facilitated via Near Field Communication, or other qualifying emerging technology leading to a mobile experience. To receive the discount, mailers must comply with the eligibility requirements of the program.

~~Mail Drives Mobile Engagement Commerce Promotion (November 1, 2014~~July 1, 2015 to December 31, 2015~~2014)~~

*Standard Mail (Commercial and Nonprofit)
Letters*

Provide a two percent discount on the qualifying postage for ~~First-Class Mail and~~ Standard Mail presort or automation letters, ~~postcards~~, and flats which include a mobile barcode inside or on the mailpiece that facilitates a mobile optimized shopping experience. To receive the discount, the qualifying mail must be sent during the established program period by mailers that comply with the eligibility requirements of the program. ~~Mailers may also qualify for an additional one percent postage rebate if a portion of their orders are fulfilled via Priority Mail with USPS Tracking during the established fulfillment period.~~

*Standard Mail (Commercial and Nonprofit)
Flats***1225**

Flats**1225.4****Price Categories**

The following price categories are available for the product specified in this section:

- Automation
 - ~~DFSS Scheme~~ Pallet/Container
DFSS entry level
Commercial and Nonprofit eligible
 - ~~DFSS Facility~~ Non-Scheme Pallet/Container
DSCF, DNDC, and Origin entry levels
Commercial and Nonprofit eligible

- Nonautomation
 - ~~DFSS Scheme~~ Pallet/Container
DFSS entry level
Commercial and Nonprofit eligible
 - ~~DFSS Facility~~ Non-Scheme Pallet/Container
DSCF, DNDC, and Origin entry levels
Commercial and Nonprofit eligible

1225.5**Optional Features**

The following additional postal services may be available in conjunction with the product specified in this section:

- ~~Branded Color Mobile Technology Promotion (February 1, 2014 to March 31, 2014)~~
- ~~Earned Value Reply Mail Promotion (April 1, 2014~~ May 1, 2015 to July 31, 2015 ~~June 30, 2014)~~
- ~~Mail and Digital Personalization Promotion (May 1, 2014 to June 30, 2014)~~
- Advanced and Emerging Technology — Near Field Communication Promotion (August 1, 2014 June 1, 2015 to November 30, 2015 September 30, 2014)
- ~~Mail Drives Mobile Engagement Commerce Promotion (November 1, 2014~~ July 1, 2015 to December 31, 2015 ~~2014)~~

*Standard Mail (Commercial and Nonprofit)
Flats*

1225.6 Prices

Automation Flats (3.3 ounces or less)

Commercial						
Entry Point	DFSS Scheme Pallet/Container (\$)	DFSS Non-Scheme Pallet/Container Facility (\$)	5-Digit (\$)	3-Digit (\$)	ADC (\$)	Mixed ADC (\$)
Origin	<u>0.313</u>	<u>0.346</u>	<u>0.392</u>	<u>0.479</u>	<u>0.536</u>	<u>0.569</u>
DNDC	<u>0.279</u>	<u>0.311</u>	<u>0.358</u>	<u>0.445</u>	<u>0.502</u>	<u>0.535</u>
DSCF	<u>0.269</u>	<u>0.300</u>	<u>0.348</u>	<u>0.435</u>	<u>0.492</u>	n/a
DFSS	<u>0.264</u>	n/a <u>0.295</u>	n/a	n/a	n/a	n/a
Nonprofit						
Entry Point	DFSS Scheme Pallet/Container (\$)	DFSS Non-Scheme Pallet/Container Facility (\$)	5-Digit (\$)	3-Digit (\$)	ADC (\$)	Mixed ADC (\$)
Origin	<u>0.171</u>	<u>0.203</u>	<u>0.249</u>	<u>0.336</u>	<u>0.393</u>	<u>0.426</u>
DNDC	<u>0.138</u>	<u>0.169</u>	<u>0.215</u>	<u>0.302</u>	<u>0.359</u>	<u>0.392</u>
DSCF	<u>0.126</u>	<u>0.158</u>	<u>0.205</u>	<u>0.292</u>	<u>0.349</u>	n/a
DFSS	<u>0.121</u>	n/a <u>0.153</u>	n/a	n/a	n/a	n/a

Standard Mail (Commercial and Nonprofit)
Flats

Automation Flats (greater than 3.3 ounces)

a. Per Piece

Commercial						
<u>Entry Point</u>	<u>DFSS Scheme Pallet/Container</u> (\$)	<u>DFSS Non-Scheme Pallet/Container Facility</u> (\$)	<u>5-Digit</u> (\$)	<u>3-Digit</u> (\$)	<u>ADC</u> (\$)	<u>Mixed ADC</u> (\$)
Per Piece—DFSS	0.225	n/a	n/a	n/a	n/a	n/a
Per Piece—Other	n/a					
<u>Origin</u>	<u>0.149</u>	<u>0.184</u>	<u>0.231</u>	<u>0.318</u>	<u>0.375</u>	<u>0.408</u>
<u>DNDC</u>	<u>0.150</u>	<u>0.184</u>	<u>0.231</u>	<u>0.318</u>	<u>0.375</u>	<u>0.408</u>
<u>DSCF</u>	<u>0.149</u>	<u>0.181</u>	<u>0.231</u>	<u>0.318</u>	<u>0.375</u>	<u>n/a</u>
<u>DFSS</u>	<u>0.144</u>	<u>0.176</u>	<u>n/a</u>	<u>n/a</u>	<u>n/a</u>	<u>n/a</u>
Nonprofit						
<u>Entry Point</u>	<u>DFSS Scheme Pallet/Container</u> (\$)	<u>DFSS Non-Scheme Pallet/Container Facility</u> (\$)	<u>5-Digit</u> (\$)	<u>3-Digit</u> (\$)	<u>ADC</u> (\$)	<u>Mixed ADC</u> (\$)
Per Piece—DFSS		n/a	n/a	n/a	n/a	n/a
Per Piece—Other	n/a					
<u>Origin</u>	<u>0.030</u>	<u>0.064</u>	<u>0.110</u>	<u>0.197</u>	<u>0.254</u>	<u>0.287</u>
<u>DNDC</u>	<u>0.032</u>	<u>0.064</u>	<u>0.110</u>	<u>0.197</u>	<u>0.254</u>	<u>0.287</u>
<u>DSCF</u>	<u>0.031</u>	<u>0.063</u>	<u>0.110</u>	<u>0.197</u>	<u>0.254</u>	<u>n/a</u>
<u>DFSS</u>	<u>0.026</u>	<u>0.058</u>	<u>n/a</u>	<u>n/a</u>	<u>n/a</u>	<u>n/a</u>

*Standard Mail (Commercial and Nonprofit)
Flats*

b. Per Pound

Commercial						
Entry Point	DFSS Scheme Pallet/Container (\$)	DFSS Non-Scheme Pallet/Container Facility (\$)	5-Digit (\$)	3-Digit (\$)	ADC (\$)	Mixed ADC (\$)
Origin	<u>0.794</u>	<u>0.790</u>	<u>0.789</u>	<u>0.789</u>	<u>0.789</u>	<u>0.789</u>
DNDC	<u>0.626</u>	<u>0.624</u>	<u>0.623</u>	<u>0.623</u>	<u>0.623</u>	<u>0.623</u>
DSCF	<u>0.576</u>	<u>0.575</u>	<u>0.573</u>	<u>0.573</u>	<u>0.573</u>	n/a
DFSS	<u>0.576</u>	n/a <u>0.575</u>	n/a	n/a	n/a	n/a

Nonprofit						
Entry Point	DFSS Scheme Pallet/Container (\$)	DFSS Non-Scheme Pallet/Container Facility (\$)	5-Digit (\$)	3-Digit (\$)	ADC (\$)	Mixed ADC (\$)
Origin	<u>0.683</u>	<u>0.683</u>	<u>0.683</u>	<u>0.683</u>	<u>0.683</u>	<u>0.683</u>
DNDC	<u>0.516</u>	<u>0.517</u>	<u>0.517</u>	<u>0.517</u>	<u>0.517</u>	<u>0.517</u>
DSCF	<u>0.466</u>	<u>0.466</u>	<u>0.467</u>	<u>0.467</u>	<u>0.467</u>	n/a
DFSS	<u>0.466</u>	n/a <u>0.466</u>	n/a	n/a	n/a	n/a

Nonautomation Flats (3.3 ounces or less)

Commercial						
Entry Point	DFSS Scheme Pallet/Container (\$)	DFSS Non-Scheme Pallet/Container Facility (\$)	5-Digit (\$)	3-Digit (\$)	ADC (\$)	Mixed ADC (\$)
Origin	<u>0.423</u>	<u>0.427</u>	<u>0.444</u>	<u>0.507</u>	<u>0.562</u>	<u>0.610</u>
DNDC	<u>0.388</u>	<u>0.391</u>	<u>0.410</u>	<u>0.473</u>	<u>0.528</u>	<u>0.576</u>
DSCF	<u>0.376</u>	<u>0.381</u>	<u>0.399</u>	<u>0.462</u>	<u>0.517</u>	n/a
DFSS	<u>0.374</u>	n/a <u>0.376</u>	n/a	n/a	n/a	n/a

Standard Mail (Commercial and Nonprofit)
Flats

Nonprofit						
Entry Point	DFSS Scheme Pallet/Container (\$)	DFSS Non-Scheme Pallet/Container Facility (\$)	5-Digit (\$)	3-Digit (\$)	ADC (\$)	Mixed ADC (\$)
Origin	<u>0.279</u>	<u>0.282</u>	<u>0.299</u>	<u>0.362</u>	<u>0.417</u>	<u>0.465</u>
DNDC	<u>0.243</u>	<u>0.248</u>	<u>0.265</u>	<u>0.328</u>	<u>0.383</u>	<u>0.431</u>
DSCF	<u>0.234</u>	<u>0.238</u>	<u>0.255</u>	<u>0.318</u>	<u>0.373</u>	n/a
DFSS	<u>0.230</u>	n/a <u>0.233</u>	n/a	n/a	n/a	n/a

Nonautomation Flats (greater than 3.3 ounces)

a. Per Piece

Commercial						
Entry Point	DFSS Scheme Pallet/Container (\$)	DFSS Non-Scheme Pallet/Container Facility (\$)	5-Digit (\$)	3-Digit (\$)	ADC (\$)	Mixed ADC (\$)
Per Piece—DFSS		n/a	n/a	n/a	n/a	n/a
Per Piece—Other	n/a					
Origin	<u>0.257</u>	<u>0.261</u>	<u>0.279</u>	<u>0.342</u>	<u>0.397</u>	<u>0.445</u>
DNDC	<u>0.257</u>	<u>0.260</u>	<u>0.279</u>	<u>0.342</u>	<u>0.397</u>	<u>0.445</u>
DSCF	<u>0.256</u>	<u>0.261</u>	<u>0.279</u>	<u>0.342</u>	<u>0.397</u>	<u>n/a</u>
DFSS	<u>0.254</u>	<u>0.256</u>	<u>n/a</u>	<u>n/a</u>	<u>n/a</u>	<u>n/a</u>

Standard Mail (Commercial and Nonprofit)
Flats

Nonprofit						
<u>Entry Point</u>	<u>DFSS Scheme Pallet/Container (\$)</u>	<u>DFSS Non-Scheme Pallet/Container Facility (\$)</u>	<u>5-Digit (\$)</u>	<u>3-Digit (\$)</u>	<u>ADC (\$)</u>	<u>Mixed ADC (\$)</u>
Per Piece— DFSS		n/a	n/a	n/a	n/a	n/a
Per Piece— Other	n/a					
<u>Origin</u>	<u>0.140</u>	<u>0.143</u>	<u>0.160</u>	<u>0.223</u>	<u>0.278</u>	<u>0.326</u>
<u>DNDC</u>	<u>0.138</u>	<u>0.143</u>	<u>0.160</u>	<u>0.223</u>	<u>0.278</u>	<u>0.326</u>
<u>DSCF</u>	<u>0.139</u>	<u>0.143</u>	<u>0.160</u>	<u>0.223</u>	<u>0.278</u>	<u>n/a</u>
<u>DFSS</u>	<u>0.135</u>	<u>0.138</u>	<u>n/a</u>	<u>n/a</u>	<u>n/a</u>	<u>n/a</u>

b. Per Pound

Commercial						
<u>Entry Point</u>	<u>DFSS Scheme Pallet/Container (\$)</u>	<u>DFSS Non-Scheme Pallet/Container Facility (\$)</u>	<u>5-Digit (\$)</u>	<u>3-Digit (\$)</u>	<u>ADC (\$)</u>	<u>Mixed ADC (\$)</u>
Origin	<u>0.789</u>	<u>0.789</u>	<u>0.789</u>	<u>0.789</u>	<u>0.789</u>	<u>0.789</u>
DNDC	<u>0.623</u>	<u>0.623</u>	<u>0.623</u>	<u>0.623</u>	<u>0.623</u>	<u>0.623</u>
DSCF	<u>0.573</u>	<u>0.573</u>	<u>0.573</u>	<u>0.573</u>	<u>0.573</u>	n/a
DFSS	<u>0.574</u>	n/a <u>0.573</u>	n/a	n/a	n/a	n/a

*Standard Mail (Commercial and Nonprofit)
Flats*

Nonprofit						
Entry Point	DFSS Scheme Pallet/Container (\$)	DFSS Non-Scheme Pallet/Container Facility (\$)	5-Digit (\$)	3-Digit (\$)	ADC (\$)	Mixed ADC (\$)
Origin	<u>0.683</u>	<u>0.683</u>	<u>0.683</u>	<u>0.683</u>	<u>0.683</u>	<u>0.683</u>
DNDC	<u>0.517</u>	<u>0.517</u>	<u>0.517</u>	<u>0.517</u>	<u>0.517</u>	<u>0.517</u>
DSCF	<u>0.467</u>	<u>0.467</u>	<u>0.467</u>	<u>0.467</u>	<u>0.467</u>	n/a
DFSS	<u>0.468</u>	n/a <u>0.467</u>	n/a	n/a	n/a	n/a

Customized MarketMail Prices

	Commercial (\$)	Nonprofit (\$)
Per Piece	<u>0.459</u>	<u>0.339</u>

Forwarding-and-Return Service

If Forwarding-and-Return Service is used in conjunction with electronic or automated Address Correction Service, forwarded flats pay \$1.40095 per piece and returned flats pay the applicable First-Class Mail price. All other flats requesting Forwarding-and-Return Service that are returned are charged the appropriate First-Class Mail price for the piece plus the price multiplied by a factor of 2.472.

~~Flats including a Repositionable Note~~

~~Add \$0.000 for each flat bearing a Repositionable Note.~~

~~Branded Color Mobile Technology Promotion (February 1, 2014 to March 31, 2014)~~

~~Provide a two percent discount on the qualifying postage for First-Class Mail and Standard Mail presort or automation letters, postcards, and flats sent during the established program period, and which include print mobile technology (such as a QR code) with creative elements including color graphics, inside or on the mailpiece. To receive the discount, mailers must comply with the eligibility requirements of the program.~~

*Standard Mail (Commercial and Nonprofit)
Flats**Earned Value Reply Mail Promotion (~~April 1, 2014~~ May 1, 2015 to July 31, 2015 ~~June 30, 2014~~)*

Provide a \$0.02 or \$0.03 per-piece rebate on all Business Reply Mail and Courtesy Reply Mail pieces that meet program requirements and are returned to the registered customer during the program period. To receive the rebate, registered customers must have mailed out pieces that included a Business Reply Mail or Courtesy Reply Mail envelope, and comply with all other eligibility requirements of the program. To qualify for the \$0.03 per piece rebate, a mailer must have participated in the 2014~~3~~ Earned Value Promotion and increase their volume of qualifying Business Reply Mail/Courtesy Reply Mail pieces in 2015~~4~~.

Mail and Digital Personalization Promotion (~~May 1, 2014 to June 30, 2014~~)

~~Provide a two percent discount on the qualifying postage for First-Class Mail presort and automation letters, cards, and flats and Standard Mail letters and flats sent during the established program period, and which include print mobile technology leading the recipient to a customized or personalized url, and webpage, creating a mobile experience that offers relevant messaging and content. The mailpiece itself must also be customized to the recipient. To receive the discount, mailers must comply with the eligibility requirements of the program.~~

Advanced and Emerging Technology – Near Field Communication Promotion (~~June 1, 2015~~ August 1, 2014 to November 30, 2015 ~~September 30, 2014~~)

Provide a two percent discount on the qualifying postage for First-Class Mail and Standard Mail presort or automation letters, postcards, and flats that are sent during the established program period, and which include affixed or embedded technology that allows the recipient to engage in an experience facilitated via Near Field Communication, or other qualifying emerging technology leading to a mobile experience. To receive the discount, mailers must comply with the eligibility requirements of the program.

Mail Drives Mobile Engagement ~~Commerce~~ Promotion (~~November 1, 2014~~ July 1, 2015 to December 31, 2015 ~~2014~~)

Provide a two percent discount on the qualifying postage for First-Class Mail and Standard Mail presort or automation letters, ~~postcards~~, and flats which include a mobile barcode inside or on the mailpiece that facilitates a mobile optimized shopping experience. To receive the discount, the

*Standard Mail (Commercial and Nonprofit)
Flats*

qualifying mail must be sent during the established program period by mailers that comply with the eligibility requirements of the program.
~~Mailers may also qualify for an additional one percent postage rebate if a portion of their orders are fulfilled via Priority Mail with USPS Tracking during the established fulfillment period.~~

*Standard Mail (Commercial and Nonprofit)
Parcels***1230 Parcels**

1230.6 Prices

Marketing Parcels (3.3 ounces or less)

Entry Point	Commercial				Nonprofit			
	5-Digit	SCF	NDC	Mixed NDC	5-Digit	SCF	NDC	Mixed NDC
	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
Origin	n/a	n/a	<u>1.258</u>	<u>1.650</u>	n/a	n/a	<u>1.172</u>	<u>1.564</u>
DNDC	<u>0.746</u>	<u>0.878</u>	1.205	n/a	<u>0.661</u>	<u>0.793</u>	<u>1.120</u>	n/a
DSCF	<u>0.690</u>	<u>0.822</u>	n/a	n/a	<u>0.605</u>	<u>0.737</u>	n/a	n/a
DDU	<u>0.648</u>	n/a	n/a	n/a	<u>0.562</u>	n/a	n/a	n/a

Marketing Parcels (greater than 3.3 ounces)

a. Per Piece

	Commercial				Nonprofit			
	5-Digit	SCF	NDC	Mixed NDC	5-Digit	SCF	NDC	Mixed NDC
	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
Per Piece	<u>0.557</u>	<u>0.689</u>	<u>1.016</u>	<u>1.408</u>	<u>0.490</u>	<u>0.622</u>	<u>0.949</u>	<u>1.341</u>

*Standard Mail (Commercial and Nonprofit)
Parcels*

b. Per Pound

Entry Point	Commercial				Nonprofit			
	5-Digit	SCF	NDC	Mixed NDC	5-Digit	SCF	NDC	Mixed NDC
	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
Origin	n/a	n/a	<u>1.170</u>	<u>1.170</u>	n/a	n/a	<u>1.081</u>	<u>1.081</u>
DNDC	<u>0.917</u>	<u>0.917</u>	<u>0.917</u>	n/a	<u>0.828</u>	<u>0.828</u>	<u>0.828</u>	n/a
DSCF	<u>0.645</u>	<u>0.645</u>	n/a	n/a	<u>0.556</u>	<u>0.556</u>	n/a	n/a
DDU	<u>0.442</u>	n/a	n/a	n/a	<u>0.353</u>	n/a	n/a	n/a

Nonprofit Machinable Parcels Prices (3.5 ounces or more)

a. Per Piece

	5-Digit (\$)	NDC (\$)	Mixed NDC (\$)
Per Piece	<u>0.627</u>	<u>0.922</u>	<u>1.333</u>

b. Per Pound

Entry Point	5-Digit (\$)	NDC (\$)	Mixed NDC (\$)
Origin	n/a	<u>1.081</u>	<u>1.081</u>
DNDC	<u>0.828</u>	<u>0.828</u>	n/a
DSCF	<u>0.556</u>	n/a	n/a
DDU	<u>0.353</u>	n/a	n/a

*Standard Mail (Commercial and Nonprofit)
Parcels**Nonprofit Irregular Parcels (3.3 ounces or less)*

Entry Point	5-Digit (\$)	SCF (\$)	NDC (\$)	Mixed NDC (\$)
Origin	n/a	n/a	<u>1.347</u>	<u>1.670</u>
DNDC	<u>0.798</u>	<u>0.914</u>	<u>1.295</u>	n/a
DSCF	<u>0.742</u>	<u>0.857</u>	n/a	n/a
DDU	<u>0.700</u>	n/a	n/a	n/a

Nonprofit Irregular Parcels (greater than 3.3 ounces)

a. Per Piece

Entry Point	5-Digit (\$)	SCF (\$)	NDC (\$)	Mixed NDC (\$)
Per Piece	<u>0.627</u>	<u>0.742</u>	<u>1.123</u>	<u>1.447</u>

b. Per Pound

Entry Point	5-Digit (\$)	SCF (\$)	NDC (\$)	Mixed NDC (\$)
Origin	n/a	n/a	<u>1.081</u>	<u>1.081</u>
DNDC	<u>0.828</u>	<u>0.828</u>	<u>0.828</u>	n/a
DSCF	<u>0.556</u>	<u>0.556</u>	n/a	n/a
DDU	<u>0.353</u>	n/a	n/a	n/a

Non-barcoded Parcels Surcharge

For non-barcoded parcels, add \$0.0647 per piece. The surcharge does not apply to pieces sorted to 5-Digit ZIP Codes

*Standard Mail (Commercial and Nonprofit)
Every Door Direct Mail—Retail*

1235 Every Door Direct Mail—Retail

1235.5 Optional Features

The following additional postal services may be available in conjunction with the product specified in this section:

- ~~None~~ EDDM Coupon Promotion (January 1, 2014 to December 31, 2014)

1235.6 Prices

Saturation Flats (3.3 ounces or less)

Entry Point	(\$)
DDU	<u>0.183</u>

~~EDDM Coupon Promotion (January 1, 2014 to December 31, 2014)~~

~~Provide a postage credit of \$50.00 or \$100.00 on any EDDM mailing sent by a new customer who receives a promotion coupon during the program period. Coupons must be redeemed by January of 2015.~~

*Periodicals
In-County Periodicals***1300 Periodicals**

1305 In-County Periodicals

1305.6 Prices

In-County Automation

a. Pound Prices (per pound or fraction thereof)

Entry Point	Price (\$)
DDU	<u>0.160</u>
Non-DDU	<u>0.209</u>

b. Piece Prices (per addressed piece)

Presort Level	Letters (\$)	Flats (\$)
5-Digit	<u>0.053</u>	<u>0.113</u>
3-Digit	<u>0.055</u>	<u>0.121</u>
Basic	<u>0.067</u>	<u>0.129</u>

In-County Nonautomation

a. Pound Prices (per pound or fraction thereof)

Entry Point	Price (\$)
DDU	<u>0.160</u>
Non-DDU	<u>0.209</u>

*Periodicals
In-County Periodicals*

b. Piece Prices (per addressed piece)

Presort Level	Letters, Flats, and Parcels (\$)
Carrier Route Saturation	<u>0.035</u>
Carrier Route High Density	<u>0.050</u>
Carrier Route Basic	<u>0.068</u>
5-Digit	<u>0.119</u>
3-Digit	<u>0.133</u>
Basic	<u>0.146</u>

~~*In-County Periodicals including a Repositionable Note*~~~~Add \$0.000 for each piece bearing a Repositionable Note.~~*In-County Periodicals including a Ride-Along piece*Add \$0.182~~479~~ for a Ride-Along item enclosed with or attached to an In-County Periodical.

1310

Outside County Periodicals

1310.4

Price Categories

Piece Price

- Machinable Flats and Nonbarcoded Letters
 - Barcoded Flats
FSS, 5-Digit, 3-Digit/SCF, ADC, Mixed ADC preparation levels
 - Nonbarcoded Flats and Nonbarcoded Letters
FSS, 5-Digit, 3-Digit/SCF, ADC, Mixed ADC preparation levels

Bundle Price

- Firm (bundle level)
Carrier Route/5-Digit, 3-Digit/SCF, ADC, Mixed ADC container levels
- Carrier Route (bundle level)
Carrier Route/5-Digit, 3-Digit/SCF, ADC, Mixed ADC container levels
- 5-Digit (bundle level)
5-Digit, 3-Digit/SCF, ADC, Mixed ADC container levels

Container Price

a. Pallet Container Price

- Carrier Route
DDU, DSCF, DADC, DNDC, Origin entry levels
- 5-Digit
DDU, DSCF, DADC, DNDC, Origin entry levels

- FSS Facility
DSCF, DFSS, DADC, DNDC, Origin entry levels

b. Sack and Tray Container Price

- FSS Scheme
DSCF, DFSS, DADC, DNDC, Origin entry levels
- FSS Facility
DSCF, DFSS, DADC, DNDC, Origin entry levels

1310.6 Prices

Pound Prices (per pound or fraction thereof)

Entry Level or Zone	Regular		Science of Agriculture	
	Advertising (\$)	Editorial (\$)	Advertising (\$)	Editorial (\$)
DDU	<u>0.126</u>	<u>0.093</u>	<u>0.095</u>	<u>0.093</u>
DSCF	<u>0.185</u>	<u>0.140</u>	<u>0.138</u>	<u>0.140</u>
DFSS	<u>0.185</u>	<u>0.140</u>	<u>0.138</u>	<u>0.140</u>
DADC	<u>0.198</u>	<u>0.149</u>	<u>0.148</u>	<u>0.149</u>
Zones 1 & 2	<u>0.223</u>	<u>0.166</u>	<u>0.168</u>	<u>0.166</u>
Zone 3	<u>0.242</u>	<u>0.166</u>	<u>0.242</u>	<u>0.166</u>
Zone 4	<u>0.306</u>	<u>0.166</u>	<u>0.306</u>	<u>0.166</u>
Zone 5	<u>0.383</u>	<u>0.166</u>	<u>0.383</u>	<u>0.166</u>
Zone 6	<u>0.468</u>	<u>0.166</u>	<u>0.468</u>	<u>0.166</u>
Zone 7	<u>0.567</u>	<u>0.166</u>	<u>0.567</u>	<u>0.166</u>
Zone 8	<u>0.656</u>	<u>0.166</u>	<u>0.656</u>	<u>0.166</u>
Zone 9	<u>0.656</u>	<u>0.166</u>	<u>0.656</u>	<u>0.166</u>

Periodicals
Outside County Periodicals*Piece Price (per addressed piece)*

a. Carrier Route Letters, Flats, and Parcels

Bundle Level	Letters, Flats, and Parcels (\$)
Saturation	<u>0.150</u>
High Density	<u>0.177</u>
Basic	<u>0.210</u>

b. Barcoded Letters

Bundle Level	Barcoded Letters (\$)
5-Digit	<u>0.229</u>
3-Digit/SCF	<u>0.297</u>
ADC	<u>0.317</u>
Mixed ADC	<u>0.353</u>

c. Machinable Flats and Nonbarcoded Letters

Bundle Level	Barcoded Flats (\$)	Nonbarcoded Flats (\$)	Nonbarcoded Letters (\$)
<u>FSS</u>	<u>0.239</u>	<u>0.375</u>	
5-Digit	<u>0.313</u>	<u>0.326</u>	<u>0.326</u>
3-Digit/SCF	<u>0.404</u>	<u>0.431</u>	<u>0.431</u>
ADC	<u>0.422</u>	<u>0.451</u>	<u>0.451</u>
Mixed ADC	<u>0.454</u>	<u>0.490</u>	<u>0.490</u>

d. Nonmachinable Flats and Parcels

Bundle Level	Barcoded Flats (\$)	Nonbarcoded Flats (\$)	Parcels (\$)
5-Digit	<u>0.341</u>	<u>0.341</u>	<u>0.341</u>
3-Digit/SCF	<u>0.484</u>	<u>0.497</u>	<u>0.497</u>

Periodicals
Outside County Periodicals

ADC	<u>0.573</u>	<u>0.604</u>	<u>0.604</u>
Mixed ADC	<u>0.680</u>	<u>0.682</u>	<u>0.682</u>

e. Editorial Adjustment

A per-piece editorial adjustment is provided by subtracting \$0.001143 for each 1 percent of editorial (nonadvertising) content from the applicable piece price.

f. Firm Bundle Piece Price

Firm bundles are charged a single-piece price of \$0.~~499~~202.

Bundle Prices (per bundle)

Bundle Level	Container Level						
	<u>Carrier Route (\$)</u>	<u>Carrier Route/ 5-Digit (\$)</u>	<u>FSS Scheme (\$)</u>	<u>FSS Facility (\$)</u>	<u>3-Digit/SCF (\$)</u>	<u>ADC (\$)</u>	<u>Mixed ADC (\$)</u>
Firm	<u>0.107</u>	<u>0.107</u>			<u>0.220</u>	<u>0.275</u>	<u>0.370</u>
Carrier Route	<u>0.277</u>	<u>0.277</u>			<u>0.562</u>	<u>0.709</u>	<u>0.946</u>
5-Digit		<u>0.319</u>			<u>0.361</u>	<u>0.502</u>	<u>0.762</u>
FSS Scheme			<u>0.006</u>	<u>0.320</u>	<u>0.320</u>	<u>0.472</u>	<u>0.717</u>
3-Digit/SFC					<u>0.320</u>	<u>0.465</u>	<u>0.715</u>
ADC						<u>0.322</u>	<u>0.589</u>
Mixed ADC							<u>0.216</u>

*Periodicals
Outside County Periodicals**Container Prices (per pallet, tray, or sack)*

a. Pallet Container

Entry Point	<u>Carrier Route (\$)</u>	<u>5-Digit (\$)</u>	<u>FSS Scheme (\$)</u>	<u>FSS Facility (\$)</u>	<u>3-Digit/SCF (\$)</u>	<u>ADC (\$)</u>	<u>Mixed ADC (\$)</u>
DDU	<u>3.120</u>						
DSCF	<u>19.966</u>	<u>40.749</u>	<u>13.840</u>	<u>24.335</u>	<u>24.335</u>		
DFSS			<u>6.664</u>	<u>24.335</u>			
DADC	<u>37.720</u>	<u>58.503</u>	<u>31.585</u>	<u>42.080</u>	<u>42.080</u>	<u>25.118</u>	
DNDC	<u>42.047</u>	<u>62.830</u>	<u>35.977</u>	<u>46.473</u>	<u>46.473</u>	<u>43.825</u>	
Origin	<u>62.042</u>	<u>82.825</u>	<u>55.762</u>	<u>66.275</u>	<u>66.275</u>	<u>63.402</u>	<u>6.409</u>

b. Tray or Sack Container

Entry Point	<u>Carrier Route/ 5-Digit (\$)</u>	<u>FSS Scheme (\$)</u>	<u>FSS Facility (\$)</u>	<u>3-Digit/SCF (\$)</u>	<u>ADC (\$)</u>	<u>Mixed ADC (\$)</u>
DDU	1.016					
DSCF	1.468	0.903	0.903	0.903		
<u>DFSS</u>		<u>0.470</u>	<u>0.903</u>			
DADC	1.919	1.355	1.355	1.355	0.903	
DNDC	2.258	1.694	1.694	1.694	1.580	
Origin	3.048	2.371	2.371	2.371	2.260	0.482

~~*Outside County Periodicals including a Repositionable Note*~~~~Add \$0.000 for each piece bearing a Repositionable Note.~~*Outside County Periodicals including a Ride-Along piece*Add \$0.479182 for a Ride-Along item enclosed with or attached to an Outside County Periodical.

*Package Services
Alaska Bypass***1400 Package Services**

1405 Alaska Bypass Service

1405.6 Prices

Alaska Bypass

Maximum Weight (pounds)	Zones 1 & 2 (\$)	Zone 3 (\$)
70	<u>26.14</u>	<u>31.29</u>

Package Services
Bound Printed Matter Flats

1415 **Bound Printed Matter Flats**

1415.4 Price Categories

The following price categories are available for the product specified in this section:

- Carrier Route
 - ~~Flats Sequencing System (FSS)~~
 - Non-FSS

1415.5 Optional Features

The following additional postal services may be available in conjunction with the product specified in this section:

- Forwarding-and-Return Service

1415.6 Prices

Carrier Route

~~a. Flats Sequencing System (FSS)~~~~1. Destination Entry~~

	DDU	DSCF	DFSS	DNDC Zones 1 & 2	DNDC Zone 3	DNDC Zone 4	DNDC Zone 5
	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
Per Piece	0.383	0.530	0.530	1.004	1.004	1.004	1.004
Per Pound	0.022	0.040	0.040	0.068	0.083	0.136	0.193

~~2. Other Than Destination Entry~~

	Zones Local 1 & 2	Zone 3	Zone 4	Zone 5	Zone 6	Zone 7	Zones 8 & 9
	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
Per Piece	1.145	1.145	1.145	1.145	1.145	1.145	1.145
Per Pound	0.138	0.153	0.195	0.248	0.316	0.356	0.478

~~b. Non-FSS~~~~1. Destination Entry~~

	DDU	DSCF	DNDC Zones 1 & 2	DNDC Zone 3	DNDC Zone 4	DNDC Zone 5
	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
Per Piece	<u>0.383</u>	<u>0.548</u>	<u>1.044</u>	<u>1.044</u>	<u>1.044</u>	<u>1.044</u>
Per Pound	<u>0.020</u>	<u>0.037</u>	<u>0.065</u>	<u>0.073</u>	<u>0.130</u>	<u>0.194</u>

Package Services
Bound Printed Matter Flats

2. Other Than Destination Entry

	Zones Local 1 & 2 (\$)	Zone 3 (\$)	Zone 4 (\$)	Zone 5 (\$)	Zone 6 (\$)	Zone 7 (\$)	Zones 8 & 9 (\$)
Per Piece	<u>1.156</u>	<u>1.156</u>	<u>1.156</u>	<u>1.156</u>	<u>1.156</u>	<u>1.156</u>	<u>1.156</u>
Per Pound	<u>0.141</u>	<u>0.149</u>	<u>0.202</u>	<u>0.257</u>	<u>0.329</u>	<u>0.372</u>	<u>0.500</u>

Presorted

a. Flats Sequencing System (FSS)

1. Destination Entry¹

	DDU (\$)	DSCF (\$)	DFSS (\$)	DNDC Zones 1 & 2 (\$)	DNDC Zone 3 (\$)	DNDC Zone 4 (\$)	DNDC Zone 5 (\$)
Per Piece	<u>0.482</u>	<u>0.683</u>	<u>0.675</u>	<u>1.175</u>	<u>1.175</u>	<u>1.175</u>	<u>1.175</u>
Per Pound	<u>0.022</u>	<u>0.037</u>	<u>0.037</u>	<u>0.065</u>	<u>0.073</u>	<u>0.130</u>	<u>0.194</u>

2. Other Than Destination Entry

	Zones Local 1 & 2 (\$)	Zone 3 (\$)	Zone 4 (\$)	Zone 5 (\$)	Zone 6 (\$)	Zone 7 (\$)	Zones 8 & 9 (\$)
Per Piece	<u>1.291</u>	<u>1.291</u>	<u>1.291</u>	<u>1.291</u>	<u>1.291</u>	<u>1.291</u>	<u>1.291</u>
Per Pound	<u>0.141</u>	<u>0.149</u>	<u>0.202</u>	<u>0.257</u>	<u>0.329</u>	<u>0.372</u>	<u>0.500</u>

b. Non-FSS

1. Destination Entry¹²

	DDU	DSCF	DFSS	DNDC Zones 1 & 2	DNDC Zone 3	DNDC Zone 4	DNDC Zone 5
	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
Per Piece	<u>0.513</u>	<u>0.685</u>	<u>0.629</u>	<u>1.177</u>	<u>1.177</u>	<u>1.177</u>	<u>1.177</u>
Per Pound	<u>0.020</u>	<u>0.037</u>	<u>0.040</u>	<u>0.065</u>	<u>0.073</u>	<u>0.130</u>	<u>0.194</u>

2. Other Than Destination Entry

	Zones Local 1 & 2	Zone 3	Zone 4	Zone 5	Zone 6	Zone 7	Zones 8 & 9
	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
Per Piece	<u>1.293</u>	<u>1.293</u>	<u>1.293</u>	<u>1.293</u>	<u>1.293</u>	<u>1.293</u>	<u>1.293</u>
Per Pound	<u>0.141</u>	<u>0.149</u>	<u>0.202</u>	<u>0.257</u>	<u>0.329</u>	<u>0.372</u>	<u>0.500</u>

Notes

1. DFSS prices apply to FSS Scheme Bundles entered on scheme containers at the DFSS. FSS Scheme Bundles entered on non-scheme containers at the DFSS pay the DSCF prices.
24. DDU price is not available for presorted flats that weigh 1 pound or less.

*Package Services
Bound Printed Matter Flats**Nonpresorted*

Maximum Weight (pounds)	Zones 1 & 2 (\$)	Zone 3 (\$)	Zone 4 (\$)	Zone 5 (\$)	Zone 6 (\$)	Zone 7 (\$)	Zones 8 & 9 (\$)
1.0	<u>1.94</u>	<u>1.98</u>	<u>2.04</u>	<u>2.13</u>	<u>2.25</u>	<u>2.31</u>	<u>2.51</u>
1.5	<u>1.94</u>	<u>1.98</u>	<u>2.04</u>	<u>2.13</u>	<u>2.25</u>	<u>2.31</u>	<u>2.51</u>
2.0	<u>2.03</u>	<u>2.09</u>	<u>2.17</u>	<u>2.29</u>	<u>2.45</u>	<u>2.53</u>	<u>2.79</u>
2.5	<u>2.13</u>	<u>2.20</u>	<u>2.30</u>	<u>2.45</u>	<u>2.65</u>	<u>2.75</u>	<u>3.08</u>
3.0	<u>2.22</u>	<u>2.31</u>	<u>2.43</u>	<u>2.61</u>	<u>2.85</u>	<u>2.97</u>	<u>3.36</u>
3.5	<u>2.32</u>	<u>2.42</u>	<u>2.56</u>	<u>2.77</u>	<u>3.05</u>	<u>3.19</u>	<u>3.65</u>
4.0	<u>2.41</u>	<u>2.53</u>	<u>2.69</u>	<u>2.93</u>	<u>3.25</u>	<u>3.41</u>	<u>3.93</u>
4.5	<u>2.51</u>	<u>2.64</u>	<u>2.82</u>	<u>3.09</u>	<u>3.45</u>	<u>3.63</u>	<u>4.22</u>
5.0	<u>2.60</u>	<u>2.75</u>	<u>2.95</u>	<u>3.25</u>	<u>3.65</u>	<u>3.85</u>	<u>4.50</u>
6.0	<u>2.79</u>	<u>2.97</u>	<u>3.21</u>	<u>3.57</u>	<u>4.05</u>	<u>4.29</u>	<u>5.07</u>
7.0	<u>2.98</u>	<u>3.19</u>	<u>3.47</u>	<u>3.89</u>	<u>4.45</u>	<u>4.73</u>	<u>5.64</u>
8.0	<u>3.17</u>	<u>3.41</u>	<u>3.73</u>	<u>4.21</u>	<u>4.85</u>	<u>5.17</u>	<u>6.21</u>
9.0	<u>3.36</u>	<u>3.63</u>	<u>3.99</u>	<u>4.53</u>	<u>5.25</u>	<u>5.61</u>	<u>6.78</u>
10.0	<u>3.55</u>	<u>3.85</u>	<u>4.25</u>	<u>4.85</u>	<u>5.65</u>	<u>6.05</u>	<u>7.35</u>
11.0	<u>3.74</u>	<u>4.07</u>	<u>4.51</u>	<u>5.17</u>	<u>6.05</u>	<u>6.49</u>	<u>7.92</u>
12.0	<u>3.93</u>	<u>4.29</u>	<u>4.77</u>	<u>5.49</u>	<u>6.45</u>	<u>6.93</u>	<u>8.49</u>
13.0	<u>4.12</u>	<u>4.51</u>	<u>5.03</u>	<u>5.81</u>	<u>6.85</u>	<u>7.37</u>	<u>9.06</u>
14.0	<u>4.31</u>	<u>4.73</u>	<u>5.29</u>	<u>6.13</u>	<u>7.25</u>	<u>7.81</u>	<u>9.63</u>
15.0	<u>4.50</u>	<u>4.95</u>	<u>5.55</u>	<u>6.45</u>	<u>7.65</u>	<u>8.25</u>	<u>10.20</u>

Forwarding-and-Return-Service

If used in conjunction with electronic or automated Address Correction Service, forwarded flats pay \$3.15 per piece and returned flats the applicable First-Class Mail price. All other pieces requesting Forwarding-and-Return Service that are returned are charged the appropriate First-Class Mail price for the piece plus the price multiplied by a factor of 2.472.

Package Services
Media Mail/Library Mail**1420 Bound Printed Matter Parcels**

1420.6 Prices

Carrier Route

a. Destination Entry

	DDU	DSCF	DNDC Zones 1 & 2	DNDC Zone 3	DNDC Zone 4	DNDC Zone 5
	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
Per Piece	<u>0.670</u>	<u>0.826</u>	<u>1.354</u>	<u>1.354</u>	<u>1.354</u>	<u>1.354</u>
Per Pound	<u>0.038</u>	<u>0.074</u>	<u>0.102</u>	<u>0.139</u>	<u>0.195</u>	<u>0.259</u>

b. Other Than Destination Entry

	Zones Local 1 & 2	Zone 3	Zone 4	Zone 5	Zone 6	Zone 7	Zones 8 & 9
	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
Per Piece	<u>1.447</u>	<u>1.447</u>	<u>1.447</u>	<u>1.447</u>	<u>1.447</u>	<u>1.447</u>	<u>1.447</u>
Per Pound	<u>0.189</u>	<u>0.226</u>	<u>0.274</u>	<u>0.339</u>	<u>0.416</u>	<u>0.480</u>	<u>0.628</u>

Package Services
Media Mail/Library Mail*Presorted*

a. Destination Entry

	DDU	DSCF	DNDC Zones 1 & 2	DNDC Zone 3	DNDC Zone 4	DNDC Zone 5
	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
Per Piece	<u>0.757</u>	<u>0.934</u>	<u>1.450</u>	<u>1.450</u>	<u>1.450</u>	<u>1.450</u>
Per Pound	<u>0.038</u>	<u>0.074</u>	<u>0.102</u>	<u>0.139</u>	<u>0.195</u>	<u>0.259</u>

b. Other Than Destination Entry

	Zones Local 1 & 2	Zone 3	Zone 4	Zone 5	Zone 6	Zone 7	Zones 8 & 9
	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
Per Piece	<u>1.566</u>	<u>1.566</u>	<u>1.566</u>	<u>1.566</u>	<u>1.566</u>	<u>1.566</u>	<u>1.566</u>
Per Pound	<u>0.189</u>	<u>0.226</u>	<u>0.274</u>	<u>0.339</u>	<u>0.416</u>	<u>0.480</u>	<u>0.628</u>

Package Services
Media Mail/Library Mail*Nonpresorted*

Maximum Weight (pounds)	Zones 1 & 2 (\$)	Zone 3 (\$)	Zone 4 (\$)	Zone 5 (\$)	Zone 6 (\$)	Zone 7 (\$)	Zones 8 & 9 (\$)
1.0	<u>2.61</u>	<u>2.67</u>	<u>2.73</u>	<u>2.84</u>	<u>2.96</u>	<u>3.02</u>	<u>3.24</u>
1.5	<u>2.61</u>	<u>2.67</u>	<u>2.73</u>	<u>2.84</u>	<u>2.96</u>	<u>3.02</u>	<u>3.24</u>
2.0	<u>2.74</u>	<u>2.82</u>	<u>2.90</u>	<u>3.04</u>	<u>3.20</u>	<u>3.28</u>	<u>3.58</u>
2.5	<u>2.86</u>	<u>2.96</u>	<u>3.06</u>	<u>3.24</u>	<u>3.44</u>	<u>3.54</u>	<u>3.91</u>
3.0	<u>2.99</u>	<u>3.11</u>	<u>3.23</u>	<u>3.44</u>	<u>3.68</u>	<u>3.80</u>	<u>4.25</u>
3.5	<u>3.11</u>	<u>3.25</u>	<u>3.39</u>	<u>3.64</u>	<u>3.92</u>	<u>4.06</u>	<u>4.58</u>
4.0	<u>3.24</u>	<u>3.40</u>	<u>3.56</u>	<u>3.84</u>	<u>4.16</u>	<u>4.32</u>	<u>4.92</u>
4.5	<u>3.36</u>	<u>3.54</u>	<u>3.72</u>	<u>4.04</u>	<u>4.40</u>	<u>4.58</u>	<u>5.25</u>
5.0	<u>3.49</u>	<u>3.69</u>	<u>3.89</u>	<u>4.24</u>	<u>4.64</u>	<u>4.84</u>	<u>5.59</u>
6.0	<u>3.74</u>	<u>3.98</u>	<u>4.22</u>	<u>4.64</u>	<u>5.12</u>	<u>5.36</u>	<u>6.26</u>
7.0	<u>3.99</u>	<u>4.27</u>	<u>4.55</u>	<u>5.04</u>	<u>5.60</u>	<u>5.88</u>	<u>6.93</u>
8.0	<u>4.24</u>	<u>4.56</u>	<u>4.88</u>	<u>5.44</u>	<u>6.08</u>	<u>6.40</u>	<u>7.60</u>
9.0	<u>4.49</u>	<u>4.85</u>	<u>5.21</u>	<u>5.84</u>	<u>6.56</u>	<u>6.92</u>	<u>8.27</u>
10.0	<u>4.74</u>	<u>5.14</u>	<u>5.54</u>	<u>6.24</u>	<u>7.04</u>	<u>7.44</u>	<u>8.94</u>
11.0	<u>4.99</u>	<u>5.43</u>	<u>5.87</u>	<u>6.64</u>	<u>7.52</u>	<u>7.96</u>	<u>9.61</u>
12.0	<u>5.24</u>	<u>5.72</u>	<u>6.20</u>	<u>7.04</u>	<u>8.00</u>	<u>8.48</u>	<u>10.28</u>
13.0	<u>5.49</u>	<u>6.01</u>	<u>6.53</u>	<u>7.44</u>	<u>8.48</u>	<u>9.00</u>	<u>10.95</u>
14.0	<u>5.74</u>	<u>6.30</u>	<u>6.86</u>	<u>7.84</u>	<u>8.96</u>	<u>9.52</u>	<u>11.62</u>
15.0	<u>5.99</u>	<u>6.59</u>	<u>7.19</u>	<u>8.24</u>	<u>9.44</u>	<u>10.04</u>	<u>12.29</u>

*Package Services
Media Mail/Library Mail***1425 Media Mail/Library Mail**

1425.6 Prices

Media Mail

Maximum Weight (pounds)	5-Digit (\$)	Basic (\$)	Single-Piece (\$)
1	<u>1.88</u>	<u>2.45</u>	<u>2.72</u>
2	<u>2.38</u>	<u>2.95</u>	<u>3.22</u>
3	<u>2.88</u>	<u>3.45</u>	<u>3.72</u>
4	<u>3.38</u>	<u>3.95</u>	<u>4.22</u>
5	<u>3.88</u>	<u>4.45</u>	<u>4.72</u>
6	<u>4.38</u>	<u>4.95</u>	<u>5.22</u>
7	<u>4.88</u>	<u>5.45</u>	<u>5.72</u>
8	<u>5.38</u>	<u>5.95</u>	<u>6.22</u>
9	<u>5.88</u>	<u>6.45</u>	<u>6.72</u>
10	<u>6.38</u>	<u>6.95</u>	<u>7.22</u>
11	<u>6.88</u>	<u>7.45</u>	<u>7.72</u>
12	<u>7.38</u>	<u>7.95</u>	<u>8.22</u>
13	<u>7.88</u>	<u>8.45</u>	<u>8.72</u>
14	<u>8.38</u>	<u>8.95</u>	<u>9.22</u>
15	<u>8.88</u>	<u>9.45</u>	<u>9.72</u>
16	<u>9.38</u>	<u>9.95</u>	<u>10.22</u>
17	<u>9.88</u>	<u>10.45</u>	<u>10.72</u>
18	<u>10.38</u>	<u>10.95</u>	<u>11.22</u>
19	<u>10.88</u>	<u>11.45</u>	<u>11.72</u>
20	<u>11.38</u>	<u>11.95</u>	<u>12.22</u>
21	<u>11.88</u>	<u>12.45</u>	<u>12.72</u>
22	<u>12.38</u>	<u>12.95</u>	<u>13.22</u>
23	<u>12.88</u>	<u>13.45</u>	<u>13.72</u>
24	<u>13.38</u>	<u>13.95</u>	<u>14.22</u>
25	<u>13.88</u>	<u>14.45</u>	<u>14.72</u>

Package Services
Media Mail/Library Mail*Media Mail (Continued)*

Maximum Weight (pounds)	5-Digit (\$)	Basic (\$)	Single-Piece (\$)
26	<u>14.38</u>	<u>14.95</u>	<u>15.22</u>
27	<u>14.88</u>	<u>15.45</u>	<u>15.72</u>
28	<u>15.38</u>	<u>15.95</u>	<u>16.22</u>
29	<u>15.88</u>	<u>16.45</u>	<u>16.72</u>
30	<u>16.38</u>	<u>16.95</u>	<u>17.22</u>
31	<u>16.88</u>	<u>17.45</u>	<u>17.72</u>
32	<u>17.38</u>	<u>17.95</u>	<u>18.22</u>
33	<u>17.88</u>	<u>18.45</u>	<u>18.72</u>
34	<u>18.38</u>	<u>18.95</u>	<u>19.22</u>
35	<u>18.88</u>	<u>19.45</u>	<u>19.72</u>
36	<u>19.38</u>	<u>19.95</u>	<u>20.22</u>
37	<u>19.88</u>	<u>20.45</u>	<u>20.72</u>
38	<u>20.38</u>	<u>20.95</u>	<u>21.22</u>
39	<u>20.88</u>	<u>21.45</u>	<u>21.72</u>
40	<u>21.38</u>	<u>21.95</u>	<u>22.22</u>
41	<u>21.88</u>	<u>22.45</u>	<u>22.72</u>
42	<u>22.38</u>	<u>22.95</u>	<u>23.22</u>
43	<u>22.88</u>	<u>23.45</u>	<u>23.72</u>
44	<u>23.38</u>	<u>23.95</u>	<u>24.22</u>
45	<u>23.88</u>	<u>24.45</u>	<u>24.72</u>
46	<u>24.38</u>	<u>24.95</u>	<u>25.22</u>
47	<u>24.88</u>	<u>25.45</u>	<u>25.72</u>
48	<u>25.38</u>	<u>25.95</u>	<u>26.22</u>
49	<u>25.88</u>	<u>26.45</u>	<u>26.72</u>
50	<u>26.38</u>	<u>26.95</u>	<u>27.22</u>

Package Services
Media Mail/Library Mail*Media Mail (Continued)*

Maximum Weight (pounds)	5-Digit (\$)	Basic (\$)	Single-Piece (\$)
51	<u>26.88</u>	<u>27.45</u>	<u>27.72</u>
52	<u>27.38</u>	<u>27.95</u>	<u>28.22</u>
53	<u>27.88</u>	<u>28.45</u>	<u>28.72</u>
54	<u>28.38</u>	<u>28.95</u>	<u>29.22</u>
55	<u>28.88</u>	<u>29.45</u>	<u>29.72</u>
56	<u>29.38</u>	<u>29.95</u>	<u>30.22</u>
57	<u>29.88</u>	<u>30.45</u>	<u>30.72</u>
58	<u>30.38</u>	<u>30.95</u>	<u>31.22</u>
59	<u>30.88</u>	<u>31.45</u>	<u>31.72</u>
60	<u>31.38</u>	<u>31.95</u>	<u>32.22</u>
61	<u>31.88</u>	<u>32.45</u>	<u>32.72</u>
62	<u>32.38</u>	<u>32.95</u>	<u>33.22</u>
63	<u>32.88</u>	<u>33.45</u>	<u>33.72</u>
64	<u>33.38</u>	<u>33.95</u>	<u>34.22</u>
65	<u>33.88</u>	<u>34.45</u>	<u>34.72</u>
66	<u>34.38</u>	<u>34.95</u>	<u>35.22</u>
67	<u>34.88</u>	<u>35.45</u>	<u>35.72</u>
68	<u>35.38</u>	<u>35.95</u>	<u>36.22</u>
69	<u>35.88</u>	<u>36.45</u>	<u>36.72</u>
70	<u>36.38</u>	<u>36.95</u>	<u>37.22</u>

Package Services
Media Mail/Library Mail*Library Mail*

Maximum Weight (pounds)	5-Digit (\$)	Basic (\$)	Single-Piece (\$)
1	<u>1.79</u>	<u>2.33</u>	<u>2.59</u>
2	<u>2.27</u>	<u>2.81</u>	<u>3.07</u>
3	<u>2.75</u>	<u>3.29</u>	<u>3.55</u>
4	<u>3.23</u>	<u>3.77</u>	<u>4.03</u>
5	<u>3.71</u>	<u>4.25</u>	<u>4.51</u>
6	<u>4.19</u>	<u>4.73</u>	<u>4.99</u>
7	<u>4.67</u>	<u>5.21</u>	<u>5.47</u>
8	<u>5.15</u>	<u>5.69</u>	<u>5.95</u>
9	<u>5.63</u>	<u>6.17</u>	<u>6.43</u>
10	<u>6.11</u>	<u>6.65</u>	<u>6.91</u>
11	<u>6.59</u>	<u>7.13</u>	<u>7.39</u>
12	<u>7.07</u>	<u>7.61</u>	<u>7.87</u>
13	<u>7.55</u>	<u>8.09</u>	<u>8.35</u>
14	<u>8.03</u>	<u>8.57</u>	<u>8.83</u>
15	<u>8.51</u>	<u>9.05</u>	<u>9.31</u>
16	<u>8.99</u>	<u>9.53</u>	<u>9.79</u>
17	<u>9.47</u>	<u>10.01</u>	<u>10.27</u>
18	<u>9.95</u>	<u>10.49</u>	<u>10.75</u>
19	<u>10.43</u>	<u>10.97</u>	<u>11.23</u>
20	<u>10.91</u>	<u>11.45</u>	<u>11.71</u>
21	<u>11.39</u>	<u>11.93</u>	<u>12.19</u>
22	<u>11.87</u>	<u>12.41</u>	<u>12.67</u>
23	<u>12.35</u>	<u>12.89</u>	<u>13.15</u>
24	<u>12.83</u>	<u>13.37</u>	<u>13.63</u>
25	<u>13.31</u>	<u>13.85</u>	<u>14.11</u>

Package Services
Media Mail/Library Mail*Library Mail (Continued)*

Maximum Weight (pounds)	5-Digit (\$)	Basic (\$)	Single-Piece (\$)
26	<u>13.79</u>	<u>14.33</u>	<u>14.59</u>
27	<u>14.27</u>	<u>14.81</u>	<u>15.07</u>
28	<u>14.75</u>	<u>15.29</u>	<u>15.55</u>
29	<u>15.23</u>	<u>15.77</u>	<u>16.03</u>
30	<u>15.71</u>	<u>16.25</u>	<u>16.51</u>
31	<u>16.19</u>	<u>16.73</u>	<u>16.99</u>
32	<u>16.67</u>	<u>17.21</u>	<u>17.47</u>
33	<u>17.15</u>	<u>17.69</u>	<u>17.95</u>
34	<u>17.63</u>	<u>18.17</u>	<u>18.43</u>
35	<u>18.11</u>	<u>18.65</u>	<u>18.91</u>
36	<u>18.59</u>	<u>19.13</u>	<u>19.39</u>
37	<u>19.07</u>	<u>19.61</u>	<u>19.87</u>
38	<u>19.55</u>	<u>20.09</u>	<u>20.35</u>
39	<u>20.03</u>	<u>20.57</u>	<u>20.83</u>
40	<u>20.51</u>	<u>21.05</u>	<u>21.31</u>
41	<u>20.99</u>	<u>21.53</u>	<u>21.79</u>
42	<u>21.47</u>	<u>22.01</u>	<u>22.27</u>
43	<u>21.95</u>	<u>22.49</u>	<u>22.75</u>
44	<u>22.43</u>	<u>22.97</u>	<u>23.23</u>
45	<u>22.91</u>	<u>23.45</u>	<u>23.71</u>
46	<u>23.39</u>	<u>23.93</u>	<u>24.19</u>
47	<u>23.87</u>	<u>24.41</u>	<u>24.67</u>
48	<u>24.35</u>	<u>24.89</u>	<u>25.15</u>
49	<u>24.83</u>	<u>25.37</u>	<u>25.63</u>
50	<u>25.31</u>	<u>25.85</u>	<u>26.11</u>

*Package Services
Media Mail/Library Mail**Library Mail (Continued)*

Maximum Weight (pounds)	5-Digit (\$)	Basic (\$)	Single-Piece (\$)
51	<u>25.79</u>	<u>26.33</u>	<u>26.59</u>
52	<u>26.27</u>	<u>26.81</u>	<u>27.07</u>
53	<u>26.75</u>	<u>27.29</u>	<u>27.55</u>
54	<u>27.23</u>	<u>27.77</u>	<u>28.03</u>
55	<u>27.71</u>	<u>28.25</u>	<u>28.51</u>
56	<u>28.19</u>	<u>28.73</u>	<u>28.99</u>
57	<u>28.67</u>	<u>29.21</u>	<u>29.47</u>
58	<u>29.15</u>	<u>29.69</u>	<u>29.95</u>
59	<u>29.63</u>	<u>30.17</u>	<u>30.43</u>
60	<u>30.11</u>	<u>30.65</u>	<u>30.91</u>
61	<u>30.59</u>	<u>31.13</u>	<u>31.39</u>
62	<u>31.07</u>	<u>31.61</u>	<u>31.87</u>
63	<u>31.55</u>	<u>32.09</u>	<u>32.35</u>
64	<u>32.03</u>	<u>32.57</u>	<u>32.83</u>
65	<u>32.51</u>	<u>33.05</u>	<u>33.31</u>
66	<u>32.99</u>	<u>33.53</u>	<u>33.79</u>
67	<u>33.47</u>	<u>34.01</u>	<u>34.27</u>
68	<u>33.95</u>	<u>34.49</u>	<u>34.75</u>
69	<u>34.43</u>	<u>34.97</u>	<u>35.23</u>
70	<u>34.91</u>	<u>35.45</u>	<u>35.71</u>

*Part C—Glossary of Terms and Conditions***Part C—Glossary of Terms and Conditions**

3019**R***Refund of Postage*

When postage and special service fees have been paid on mail for which no service is rendered for the postage or fees paid, or collected in excess of the lawful price, a refund may be made. There shall be no refund for Registered Mail, COD, ~~and general insurance, and Priority Mail Express Insurance~~ fees when the article is withdrawn by the mailer after acceptance. In cases involving returned articles improperly accepted because of excess size or weight, a refund may be made.

Part D—Country Price Lists for International Mail

[illegible]

Appendix A List of Comments Discussed

Commenter	Abbreviation	Caption of Filing/Short Form	Filing Date
Alliance of Nonprofit Mailers	ANM	Comments of Alliance of Nonprofit Mailers (ANM Comments)	February 19, 2015
Association for Postal Commerce	PostCom	Comments of the Association for Postal Commerce (PostCom Comments)	March 24, 2015
Direct Marketing Association	DMA	Comment of the Direct Marketing Association (DMA Comments)	March 31, 2015
MPA—The Association of Magazine Media	MPA	Comments of MPA-The Association of Magazine Media (MPA Comments)	February 19, 2015
Pitney Bowes Inc.	Pitney Bowes	Comments of Pitney Bowes (Pitney Bowes Comments)	February 4, 2015
Public Representative	PR	Public Representative Comments in Response to United States Postal Service Notice of Market-Dominant Price Adjustment (PR Comments)	February 19, 2015
Valpak Direct Marketing Systems, Inc. and Valpak Dealers' Association, Inc.	Valpak	Valpak Direct Marketing Systems, Inc. and Valpak Dealers' Association, Inc. Comments on the United States Postal Service Notice of Market-Dominant Price Adjustment (Valpak Comments)	February 19, 2015

Appendix B
List of Chairman's Information Requests,
Responses of the United States Postal Service, and Related Filings

Chairman's Information Requests

Chairman's Information Request No. 1, January 23, 2015	(CHIR No. 1)
Chairman's Information Request No. 2, January 27, 2015	(CHIR No. 2)
Chairman's Information Request No. 3, January 28, 2015	(CHIR No. 3)
Chairman's Information Request No. 4, January 29, 2015	(CHIR No. 4)
Chairman's Information Request No. 5, February 2, 2015	(CHIR No. 5)
Chairman's Information Request No. 6, February 4, 2015	(CHIR No. 6)
Chairman's Information Request No. 7, February 5, 2015	(CHIR No. 7)
Chairman's Information Request No. 8, February 6, 2015	(CHIR No. 8)
Chairman's Information Request No. 9, February 10, 2015	(CHIR No. 9)
Chairman's Information Request No. 10, February 11, 2015	(CHIR No. 10)
Chairman's Information Request No. 11, February 12, 2015	(CHIR No. 11)
Chairman's Information Request No. 12, February 18, 2015	(CHIR No. 12)
Chairman's Information Request No. 13, February 20, 2015	(CHIR No. 13)
Chairman's Information Request No. 14, February 23, 2015	(CHIR No. 14)
Chairman's Information Request No. 15, February 25, 2015	(CHIR No. 15)
Chairman's Information Request No. 16, February 27, 2015	(CHIR No. 16)
Chairman's Information Request No. 17, April 22, 2015	(CHIR No. 17)

Responses to Chairman's Information Requests

Response of the United States Postal Service to Question 1-5 of Chairman's Information Request No. 1, January 30, 2015 (January 30 Response to CHIR No. 1)

Response of the United States Postal Service to Question 6 of Chairman's Information Request No. 1, February 3, 2015 (February 3 Response to CHIR No. 1)

Responses of the United States Postal Service to Chairman's Information Request No. 2, February 2, 2015 (Response to CHIR No. 2)

Responses of the United States Postal Service to Questions 1-5, and Question 6 (Parts A-D) of Chairman's Information Request No. 3, February 4, 2015 (February 4 Response to CHIR No. 3)

Response of the United States Postal Service to Question 6(E) of Chairman's Information Request No. 3, February 5, 2015 (February 5 Response to CHIR No. 3)

Response of the United States Postal Service to Chairman's Information Request No. 4, February 5, 2015 (Response to CHIR No. 4)

Responses of the United States Postal Service to Chairman's Information Request No. 5, February 9, 2015 (Response to CHIR No. 5)

Response of the United States Postal Service to Questions 3, 17, and 20 of Chairman's Information Request No. 6, February 5, 2015 (February 5 Response to CHIR No. 6)

Response of the United States Postal Service to Questions 1, 4-16, and 18-19 of Chairman's Information Request No. 6, February 11, 2015 (February 11 Response to CHIR No. 6)

Response of the United States Postal Service to Question 2 of Chairman's Information Request No. 6, February 18, 2015 (February 18 Response to CHIR No. 6)

Revised Response of the United States Postal Service to Question 2 of Chairman's Information Request No. 6 – Errata, February 20, 2015 (February 20 Revised Response to CHIR No. 6)

Response of the United States Postal Service to Question 1 of Chairman's Information Request No. 7, February 9, 2015 (Response to CHIR No. 7)

Responses of the United States Postal Service to Questions 1-3 of Chairman's Information Request No. 8, February 9, 2015 (February 9 Response to CHIR No. 8)

Responses of the United States Postal Service to Questions 4-12 of Chairman's Information Request No. 8, February 13, 2015 (February 13 Response to CHIR No. 8)

Response of the United States Postal Service to Chairman's Information Request No. 9, February 12, 2015, (Response to CHIR No. 9)

Response of the United States Postal Service to Chairman's Information Request No. 10, February 18, 2015 (Response to CHIR No. 10)

Response of the United States Postal Service to Chairman's Information Request No. 11, February 18, 2015 (Response to CHIR No. 11)

Response of the United States Postal Service to Chairman's Information Request No. 12, February 20, 2015 (Response to CHIR No. 12)

Response of the United States Postal Service to Chairman's Information Request No. 13, February 23, 2015 (Response to CHIR No. 13)

Response of the United States Postal Service to Question 1 of Chairman's Information Request No. 14, February 25, 2015 (February 25 Response to CHIR No. 14)

Responses of the United States Postal Service to Questions 2-7 of Chairman's Information Request No. 14, March 3, 2015 (March 3 Response to CHIR No. 14)

Response of the United States Postal Service to Questions 2-12 of Chairman's Information Request No. 15, February 27, 2015 (February 27 Response to CHIR No. 15)

Response of the United States Postal Service to Questions 1 of Chairman's Information Request No. 15, March 3, 2015 (March 3 Response to CHIR No. 15)

Responses of the United States Postal Service to Questions 1-5 of Chairman's Information Request No. 16, March 3, 2015 (Response to CHIR No. 16)

Responses of the United States Postal Service to Questions 1-2 of Chairman's Information Request No. 17, April 24, 2015 (Response to CHIR No. 17)

Motions for Late Acceptance of Responses

Motion of the United States Postal Service for Late Acceptance of Response to Questions 6 of Chairman's Information Request No. 1, February 3, 2015

Motion for Late Acceptance of Response of the United States Postal Service to Question 6(E) of Chairman's Information Request No. 3, February 5, 2015

Motion for Late Acceptance of Response of the United States Postal Service to Question 2 of Chairman's Information Request No. 6, February 18, 2015

Motion for Late Acceptance of the Response of the United States Postal Service to Questions 2-7 of Chairman's Information Request No. 14, March 3, 2015

Motion for Late Acceptance of the Response of the United States Postal Service to Question 1 of Chairman's Information Request No. 15, March 3, 2015